MODI GOVT'S FIRST BUDGET:
WHAT LIES IN STORE p58

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OVER TO THE OUTSIDER

VISHAL SIKKA INHERITS AN INFOSYS THAT IS IN BETTER SHAPE THAN A YEAR AGO, BUT ONE THAT IS GRAPPLING WITH EMOTIONAL ISSUES p46

NARAYANA
RTHY
irman Emeritus,
sys

VISHAL SIKKA
CEO-Designate,
Infosys

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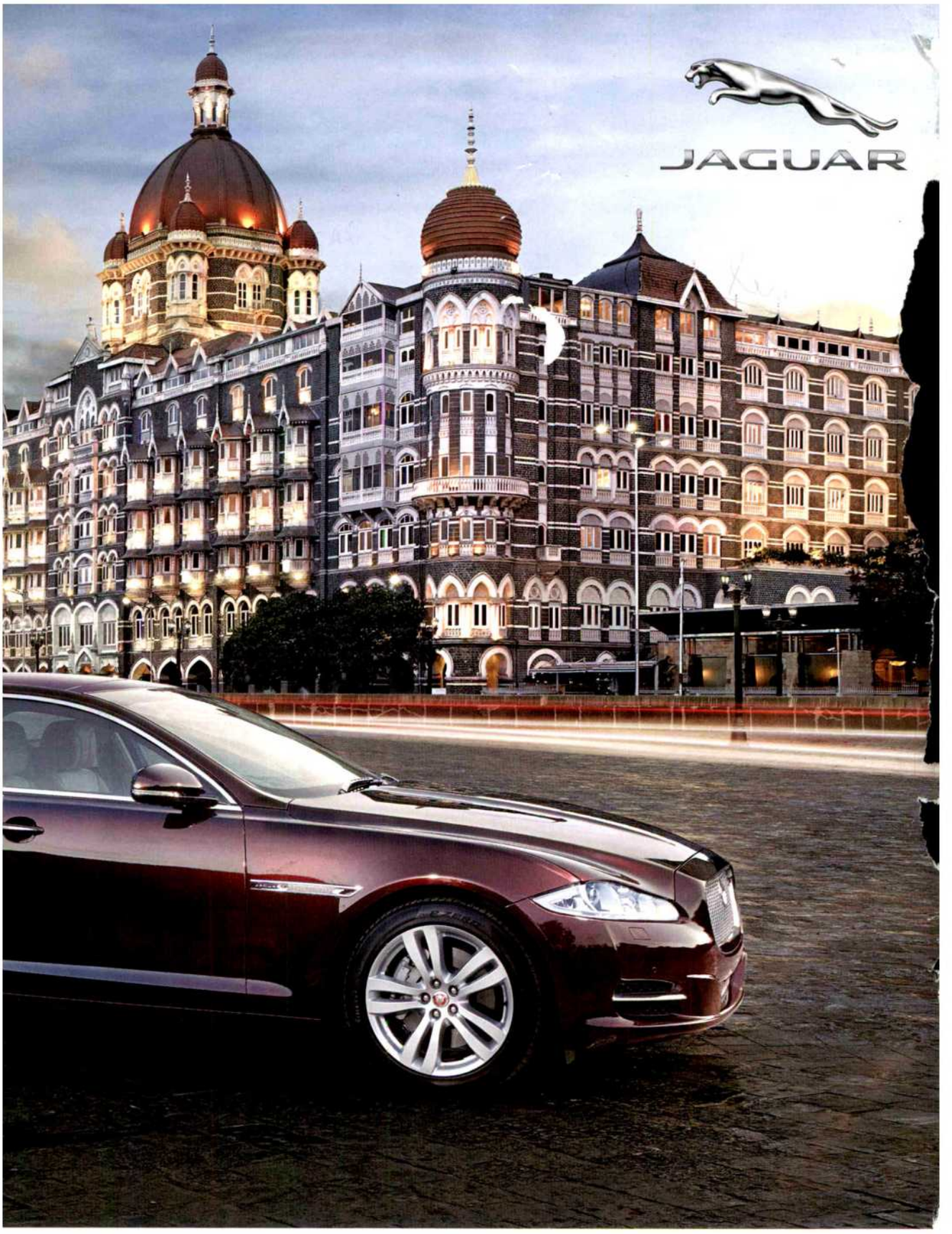

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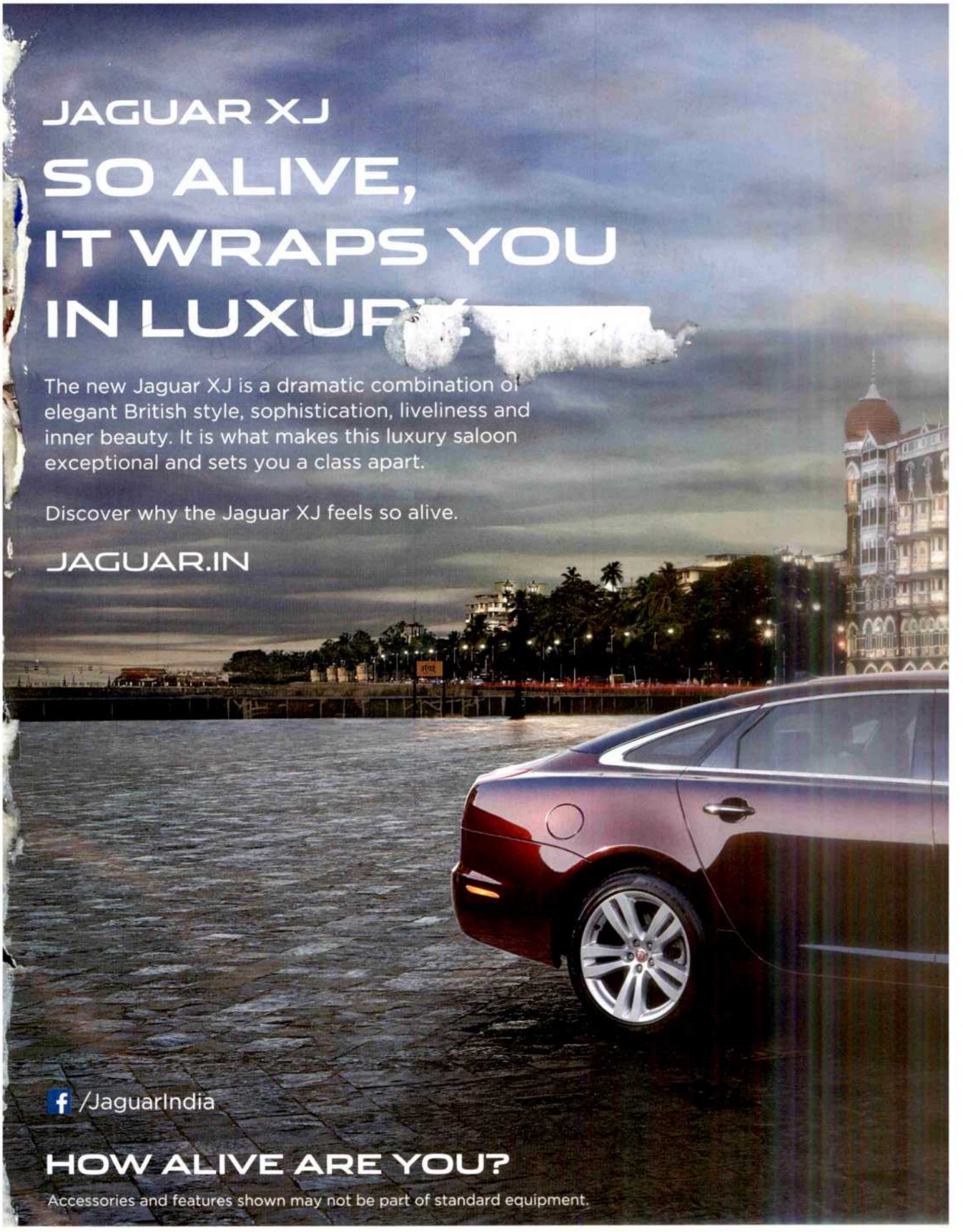

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FROM THE MANAGING EDITOR

The Dilemma of Context

Every leader is a product of a given context. Some of Abraham Lincoln's views on slavery and equal rights for blacks and whites may be abominable today but, in his time, were almost progressive. Lee Kwan Yew, father of modern Singapore, created an island of prosperity over a short three decades, keeping personal liberties on a tight leash. The long list could go on: Deng Xiaoping, Winston Churchill, Mahatma Gandhi, Margaret Thatcher... . Business, too, has its list. Thomas Edison, John Rockefeller, Charles Pfizer, James Duke, Cecil Rhodes, Jamsetji N. Tata, and Dhirubhai Ambani. In India, the fast-changing context of the last three decades has posed challenges on its business leaders and several, if not most, have struggled with transitions. Most of the leaders from the pre-1985 era have put even the present behind them and are coasting along with time. Even those who earned their chops later have struggled with updating their worldview. Infosys, Indian Tech's poster boy, offers one such instance. Its leaders were among the best in the information technology space in the early 1980s, when they started up their business. It was not just their coding and project management skills that made them pioneers in the business in the 1990s, but also their ability to think beyond their immediate context in creating a stunningly profitable and robust business that scaled. The primary architect behind this growth was N.R. Narayana Murthy, the leader of seven co-founders at Infosys. His "predictable, sustainable, profitable and de-risked" model combined with his "revenue is vanity, profit is sanity" outlook was conservative but sound. Infosys's delivery excellence meant that it could charge a premium over competitors. But as the market landscape changed with a savvy competition that was happy with lower margins, that "Infosys premium" vanished into ether.

The company made the big mistake that many winners make: repeat what worked in the past expecting it will work in the future. Unfortunately, in the short year he was there, Murthy, who was back in a CEO-like role after seven years, couldn't make much change to that. But he may have made another mistake by bringing his son, Rohan Murty, who is a whiz-kid in wireless technologies, into a seemingly innocuous role but one that quickly morphed into bigger than life. Pain in any company's journey is necessary but Rohan, as Senior Associate Editor Goutam Das's story on page 46 tells us, may have done more hurt than good for Infosys in his short stay there. I heard Rohan speak at Murthy's retirement from the Chairman's role in August 2011. Talking about how his father spent more time at Infosys than with his family, Rohan said he'd come to appreciate how "the power of an idea" can consume a man. His father's intensity, couched in a 20-something's casual shirt, jeans and sneakers, came through strongly in that short speech. I promise you, dear reader, that you will hear more of Rohan in the coming years in a context that he's better cut out for. Meanwhile, Vishal Sikka, the new CEO at Infosys, has his task cut out in ensuring his employer has a longer shelf life than many give it credit for. I wish it paranoia and luck in equal measure.

It is Union Budget season. For the first time in nearly three decades, a party with majority presence in the Lok Sabha will lead its allies in presenting a Budget on July 10 and signal its plan for the economy in the next five years. Will the first Budget of this National Democratic Alliance government reflect Narendra Modi's pragmatism in a year the economy is expected to be buffeted by a weak monsoon and rising oil prices? From page 58, we present reportage and expert opinion on what to expect. Three other stories I'd recommend: how corporate debt restructuring packages seem to be failing (page 82), why Kushagra Bajaj is readying a ₹12,000-crore power plant (page 74), and how Tamil Nadu's "Amma Unavagams" (or Amma canteens) may, indeed, be an innovation in fighting urban poverty (page 104).

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Re: Letters to the Editor

Balancing Act Needed

There is a need for India to perform a fine balancing act between seeking foreign investment and protecting the country's economic sovereignty (*The New Face of Swadeshi*, July 6). The same people who once said no to foreign technology are now talking about 100 per cent FDI in defence. This reflects the attitudinal change they have undergone. Excessive imports of manufactured goods and a slide in domestic factory output run completely contrary to the swadeshi model of economics, based on the concept of self-reliance. We destroy manufacturing sectors by allowing imports. Production capacity needs to be maintained, and questions such as what should be produced, for whom and how much, must be answered. Let the producers and the ultimate consumers benefit and let no one exploit either.

T.V. Jayaprakash, *Palakkad*

Stepping Towards Swadeshi Movement

Your cover story has given a glimpse into Modi government's economic policy. But who needs FDI, when there is enough money for investment in India itself? Our tax laws are faulty, which encourage hoarding of black money. Instead of seeking FDI, it is better to create an atmosphere congenial to industry with minimum red tape, corruption and sensible laws. Gandhiji's Swadeshi movement helped make economic progress without attracting foreign help. But this is possible only if the present government so desires.

Mahesh Kapasi, *New Delhi*

Very Optimistic

The New Face of Swadeshi was an optimistic write-up. No doubt Prime Minister Narendra Modi has a complicated task on hand, but it is manageable for a visionary leader like him. Every Indian expects the government to kick-start the engine of growth and drive its momentum year on year. So, the efficiency of the government will be seen in how well it protects the small Indian businessman by offering business-friendly policies to build a mighty nation.

K. Muthuraman, *Chennai*

Move to Tame Inflation

Your magazine has explained very well how the government and the RBI will have to work together to tame inflation (*It's Time to Sync*, July 6). The Indian economy is growing at a faster rate than many other nations in the world. One reason for inflation is that there is too much money in circulation, and demand is much more than the supply, which leads to hoarding and black marketing. In the long run everyone suffers, but the worst-affected are the middle classes.

MK, *Through e-mail*

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Modi government should focus on fiscal consolidation, tackling inflation: Pre-Budget panel.
Even a systematic investment plan will not be able to bring down the inflation. - **Breeksmenon Menon**

BlackBerry launches Z3 at ₹15,990 in India.
With a price tag of ₹16,000, it would be a daunting task for BB to capture the Indian market. - **Balaji Parsewar**

India's power sector faces $27 billion in annual losses: World Bank
Nice timing to start talking about these reports... probably Team Modi has a strong belief in the stupidity of the masses! -**Vivek Pandey**

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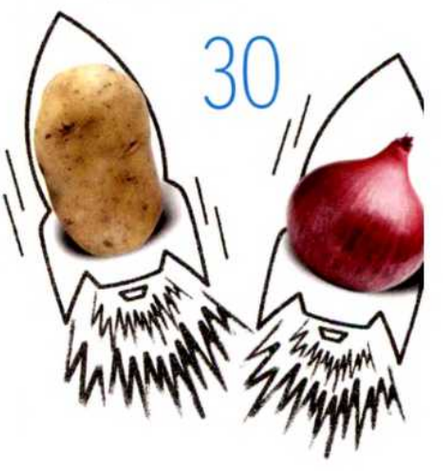

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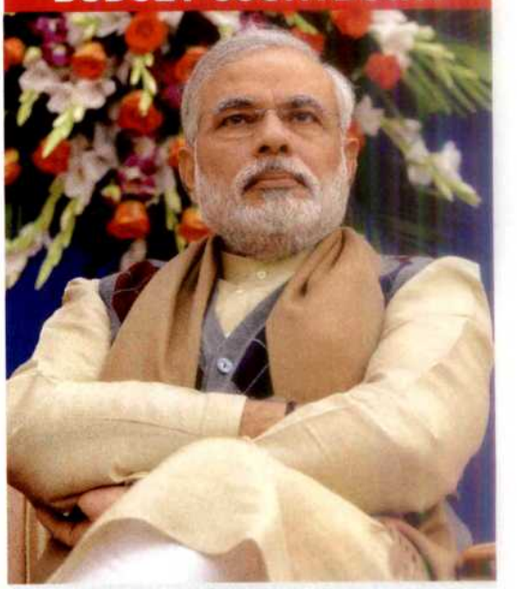

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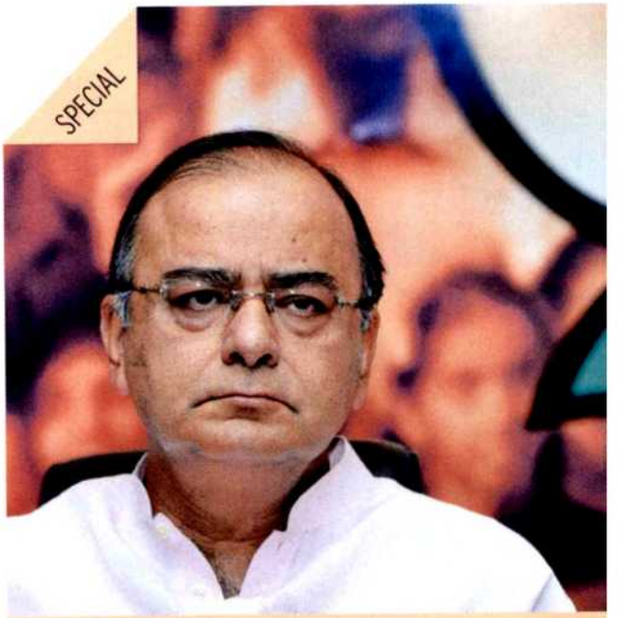

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Column by **Satya Poddar**, Partner - Tax & Regulatory Services, EY, on his Budget expectations.
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What CEOs want from the Narendra Modi government's first Budget.
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A slideshow on CEOs' wish list on the Budget.
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NEWS

Consensus Choice
After much infighting among shareholders, Leo Puri is all set to take over as chairman of UTI Asset Management Company.
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Piece of the Action
IBM enters World Cup football via Aspera, to broadcast live matches.
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Bonding with Bengal
FIFA viewership soars in West Bengal but overall viewership win the country falls.
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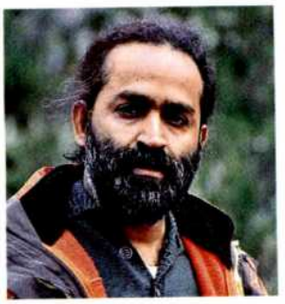
COLUMNS



An Ultrasound of Hidden Networks
Santhosh Babu on the importance of hidden networks in organisations.
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Creating a Healthy Start-up Ecosystem
Vijay Anand outlines the steps to unlocking the entrepreneurial potential in the country.
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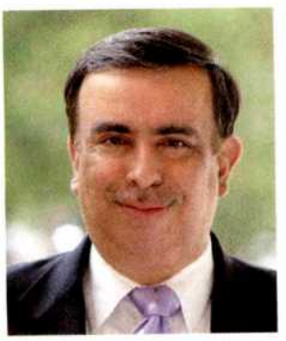

Improving the Foreign Service
The Ministry of External Affairs should be made the Ministry of External Affairs and Trade, suggests **Amitabh Mattoo**
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GADGET REVIEWS
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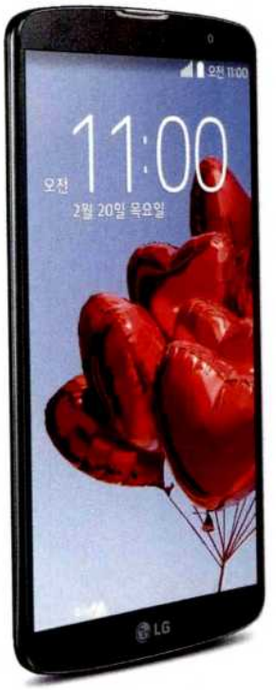
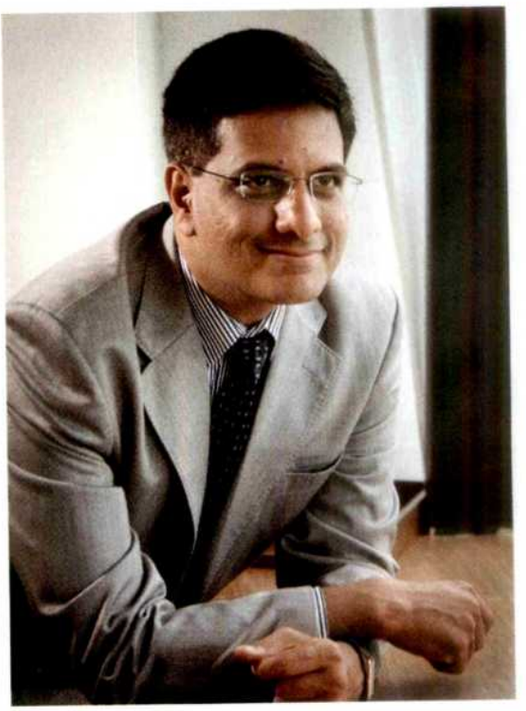
Panasonic P81 Phablet
The power-packed device performs, without many glitches.

LG G Pro 2
LG has done a superb job with the new flagship smartphone.





DEEP DIVE

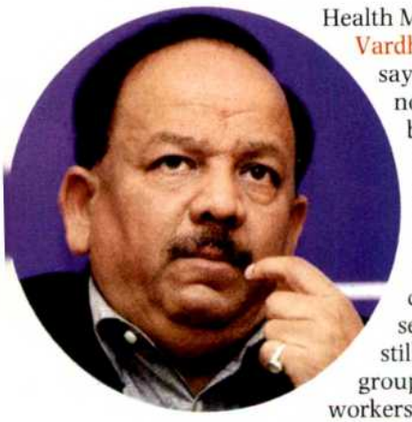
The Far-reaching Land Act
PwC India's **Manish B. Agarwal** discusses the most important issues concerning the new Land Acquisition Act.
businesstoday.in/landact-agarwal

PERSONS OF THE FORTNIGHT

N. Srinivasan became officially the most powerful person in world cricket when he was confirmed as the Chairman of the International Cricket Council. The going has not been this good back home, though. The Supreme Court, which does not hesitate to use words that are less than gentle, won't let him head the BCCI while the probe into allegations of fixing in the IPL is underway.

Lawyer Gopal Subramanium withdrew his consent to be appointed a Supreme Court judge. He accused the government of blocking his appointment and the media of making malicious insinuations. He believes he is being targeted for his handling of the Sohrabuddin fake encounter case. Subramanium had resigned in 2011 as the Solicitor-General when telecom minister Kapil Sibal hired a private lawyer to argue the spectrum case.

THE MAGIC OF VALUES



Health Minister Harsh Vardhan, an ENT specialist, says stressing on morals – not indulging in sex before or outside marriage, and in general being faithful to the spouse – may be a more preferred way of fighting AIDS than condoms. Condoms, he seems to suggest, may still be fine for high-risk groups like commercial sex workers and men who have sex with men. No sooner had the furore died down than the good doctor came up with another gem. In a vision for Delhi, he says yoga should be made compulsory for students; sex education is not all that necessary.

RISE ANOTHER DAY

The government put off an increase in prices of natural gas for three months. The previous government had approved it, but was forced to put it on hold as the Election Commission's model code of conduct came into force. It would have been easy for the new government to implement it, just as it raised railway freight rates and fares saying it was a decision taken by the previous government. But fears of rampant inflation may have played a role in the postponement.

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News Digest

The NDA government has extended the concessional lower excise duty on cars, motorcycles and small commercial vehicles, besides several capital and consumer non-durable products, by six months to December 31. The move, welcomed by industry, has been done keeping in view that these sectors are still reeling under a slowdown and hence need the respite.

Formation of "business-friendly" government has made India the most optimistic country economically, looking ahead six months, says a report by global research firm Ipsos. Besides, India's economic confidence shot up by 6 points to 66 per cent in May compared to the previous month.

The US economy contracted at a much steeper pace than previously estimated in the first quarter to record its worst performance in five years. There are indications that growth has since rebounded. GDP fell at 2.9 per cent annual rate, instead of the 1 per cent pace it had reported last month.

In a partial rollback, the railways has announced that the recent hike of 14.2 per cent in passenger fares will not apply to second class suburban journey up to 80 km, a decision that will give relief to lakhs of travellers mainly in metro cities. The railways had on June 20 announced the increase in passenger fares and a 6.5 per cent hike in freight rates.

Air India has become part of the global airlines' grouping, Star Alliance, which would enable seamless travel to over 1,300 destinations for the national carrier's passengers. Air India's revenues may increase by 4-5 per cent by joining the Alliance, Civil Aviation Minister Ashok Gajapathi Raju said. Air India becomes the first Indian carrier to join a global alliance, the largest one now having 27 member airlines in its fold.

General Motors is preparing to recall about 33,000 Chevrolet Cruze sedans with potentially defective air bags made by troubled Japanese supplier Takata. So far this year, GM has issued 44 recalls covering about 20 million vehicles globally.

Global environmental crime amounts to $213 billion, according to a recent report. The massacre of wild flora and fauna in Africa by organised crime syndicates and subsequent trade with China and south-east Asia are the focus areas of the report.

A former Additional Solicitor General has approached the Supreme Court seeking its direction to the Centre to recover around ₹20,000-crore tax dues from the UK telecom major Vodafone and to restrain the government from going ahead with arbitration on the issue. Following the global arbitration notice by Vodafone, the Cabinet during the United Progressive Alliance rule had on May 15 approved the withdrawal of a conciliation offer.

The Satyam case involving its then chairman B. Ramalinga Raju and nine others continues to roll on. The judgement day is now set for July 28. The multi-crore accounting fraud at Satyam Computer Services under Ramalinga Raju rocked India Inc five years ago. In 2009, Raju sent out the letter to his board members admitting that the books of the company had been cooked.

Ranbaxy has won approval to produce a long-delayed generic version of Novartis AG's blockbuster, blood-pressure drug Diovan, at its New Jersey-based subsidiary Ohm Laboratories — its last remaining facility allowed to make medicines for the US market. Ranbaxy's Indian plant that was to produce the drug was barred from exporting to the US by the Food and Drug Administration.

Google Inc has outlined plans for Android One, a version of the search engine giant's mobile operating system with hardware reference designs aimed at emerging markets such as India. The effort is aimed at getting the next 1 billion Android users the platform. Micromax will offer a device with a dual SIM, SD card, 4.5-inch screen and FM radio. Spice and Karbonn Mobiles are also hardware partners.

Facebook has launched a new app 'Slingshot' that will allow users to share their photos and videos, in a move to compete with Snapchat – an ephemeral messaging application that the social networking giant tried acquiring last year. Using Sligshot, users can click/shoot a picture/video, add text and colour and then "sling" it to friends. However, the friends would not be able to see the shot until they sling something back to the sender. The service will now be available globally for iPhones (iOS7) and Android smartphones.

The smartphone market in the country, which more than tripled last financial year, outpaced the growth of the personal computer market that includes desktops, notebooksand netbooks and tablets. While the PC market grew by 6 per cent in 2013/14 with sales at 11.85 million units, smartphones sales touched 52.43 million units in 2013/14 from 15.22 million units a year ago.

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FOCUS

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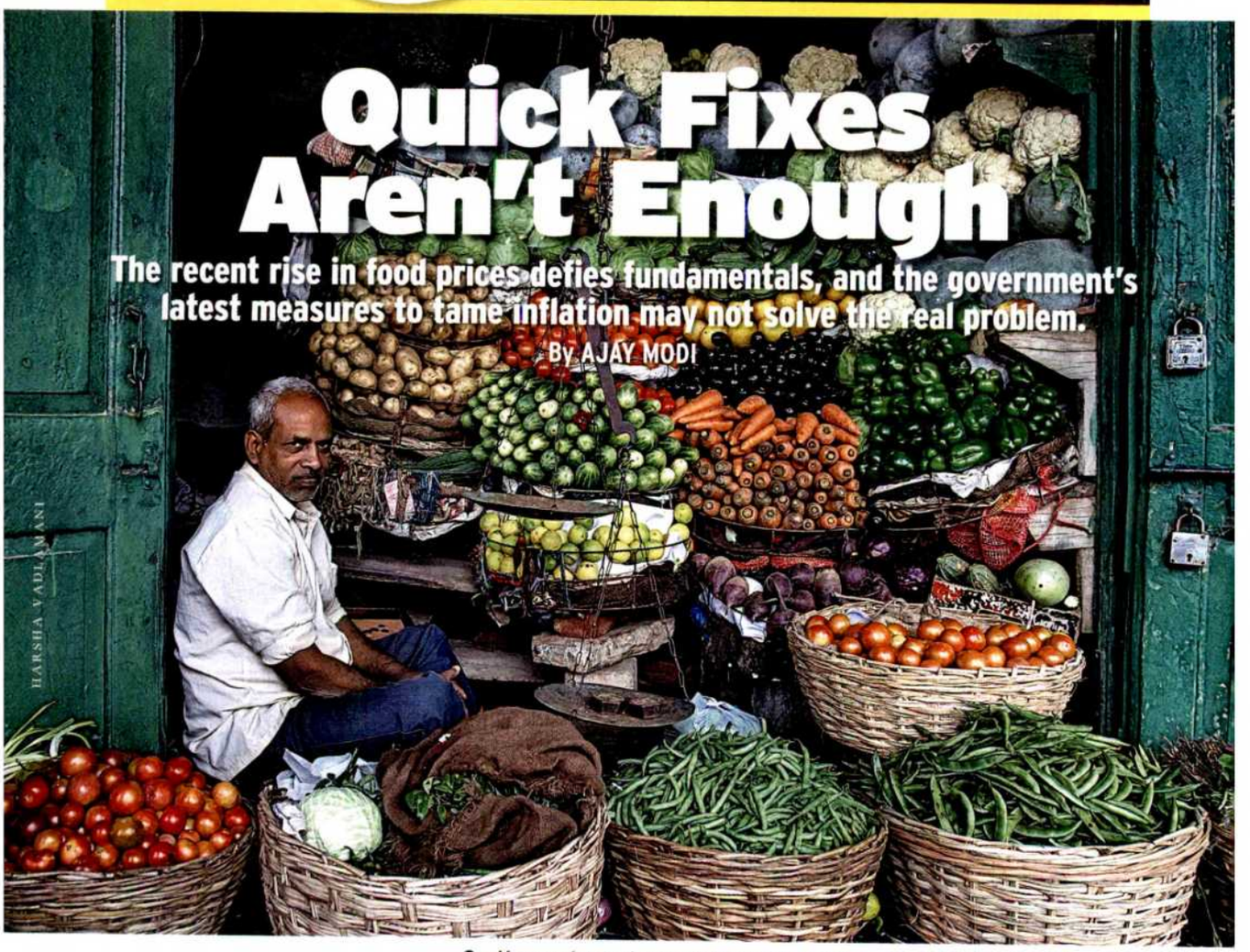


Quick Fixes Aren't Enough

The recent rise in food prices defies fundamentals, and the government's latest measures to tame inflation may not solve the real problem.

By AJAY MODI

HARSHA VADLAMANI

Costly purchase: A vegetable vendor at Mozamjahi market in Hyderabad

36%
The shortfall in monsoon rainfall by the end of June third week

The volatility in prices of onion has again exposed the structural gaps in India's food supply chain. Prices continue to be guided by sentiments that prompt hoarding and are not based on the fundamentals of demand and supply.

Onion prices firmed up due to late arrival of the seasonal monsoon and projections of below-normal rainfall this year even though the country is estimated to have harvested a record crop of 19 million tonnes last year. Retail onion prices rose from ₹25 to ₹30 a kg in major markets in the first half of June. This prompted the new government of the Bharatiya Janata Party-led National Democratic Alliance (NDA) to impose a mini-

mum export price of $300 per tonne on the vegetable to discourage shipments and improve local supply. This is one of the several inflation-control steps the government announced on June 17, a day after data showed higher food prices pushed the wholesale price index to 6.01 per cent in May from 5.20 per cent in April.

Onion is a politically sensitive commodity and a rise in its prices in the past has led to the fall of state governments. Although output is higher than annual demand of about 15 million tonnes, a network of cartels involving wholesale traders and commission agents seem to manipulate prices. A Competition Commission of India report, in 2012, had also concluded that cartels and hoarding influence onion price.

R.P. Gupta, Director at the Nashik-based National Horticultural Research and Development Foundation, says the country had nearly 4 million tonnes of onion around mid-June and there was no reason for a price rise. He adds that the stock is enough to last more than three months but there could be a concern if monsoon rainfall is erratic.

"IF YOU KEEP ON DOING SHORT-TERM THINGS THAT ARE COSMETIC IN NATURE IT WILL NOT MAKE A DIFFERENCE"

T. Nanda Kumar, Chairman, NDDB

The India Meteorological Department projects rainfall to be 93 per cent of the 50-year average. The monsoon hit the country's shores on June 6, a little late compared to the normal date of June 1. The good news is that the gap between normal and actual monsoon is narrowing and has come down from 44 per cent in early June to 36 per cent at the end of the third week. Accordingly, sowing of kharif crops such as paddy, pulses and oilseeds is picking up. The onion crop can be harvested from July if rains improve. Another area of comfort is the high grain stock – more than 41 million tonnes of wheat and 28 million tonnes of rice – in warehouses as of June 1.

The government has also decided to release more rice in the open market and crack down on hoarders to keep prices in check. States have been advised to delist trade of fruits and vegetables through the Agriculture Produce Market Committees so that farmers are free to sell in the open market at lower prices. The Centre also decided to provide states a Line of Credit to import pulses in case of a shortage. Prime Minister Narendra Modi has also stressed on the need to improve pulses productivity. "The situation is not alarming and the price rise is only marginal. We are acting to discourage hoarding and prevent middlemen from taking advantage," Finance Minister Arun Jaitley told reporters on June 17.

States are also waking up to the need to control food prices, and these are not just the states ruled by the NDA. The Uttar Pradesh government of Samajwadi Party has asked District Magistrates in the state to act against hoarders, Chief Secretary Alok Ranjan told *Business Today*.

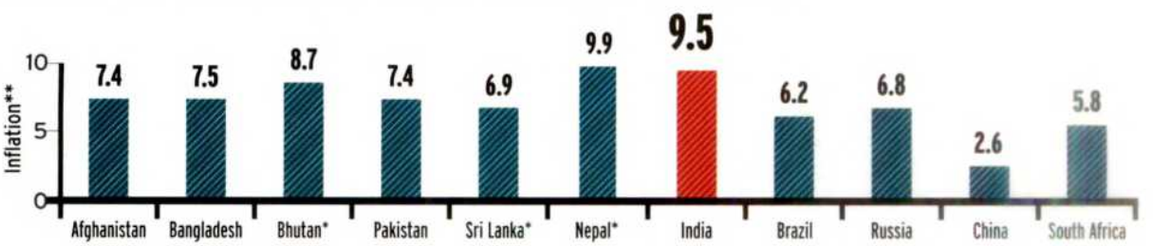
Rising prices of milk over the past couple of years is another area of worry but the dairy industry promises a largely steady outlook for the next few months. "Prices are unlikely to rise more than the average food inflation rate," says R.S. Sodhi, Managing Director at Gujarat Cooperative Milk Marketing Federation, which owns the Amul brand.

But not everyone is convinced that the recent measures will make any substantial difference in the long term. T. Nanda Kumar, Chairman of the National Dairy Development Board and a former secretary of food and agriculture with the central government, says it is a dilemma that farmers get lower prices and the consumers pay a high price. "We have far too many intermediaries. The government should promote a body to provide farmers linkages to the market and reduce wastage and cost. The government should make sure that a fair share of price reaches the farmer and he is encouraged to produce," he says. "If you keep on doing short-term things that are cosmetic in nature it will not make a difference." ◆

@ajaymodibt

AT THE PRICIER END

Inflation in India is higher than most South Asian nations as well as the BRICS counterparts.



*IMF Staff Estimates; ** Average consumer price inflation for 2013, figures in per cent; Source: IMF, World Economic Outlook Database, April 2014

RAJ VERMA

Unqualified Success

Qualified institutional placements are back in vogue as companies look to raise funds via an easier and faster route.

By SUPROTIP GHOSH and MANU KAUSHIK

BANKING AND FINANCE COMPANIES HAVE BEEN THE FIRST TO SPOT THE QIP OPPORTUNITY. TELECOM COMPANIES ARE ALSO TAPPING THE MARKETS

For almost a month after elections to the Lok Sabha began on April 7 the stock markets remained flat. But since May 9, three days before the last phase and a week before results that handed a huge victory to the Bharatiya Janata Party (BJP), the Bombay Stock Exchange's benchmark Sensex has gained 15 per cent. That has offered a great opportunity to companies looking to raise funds on bourses after months of inaction.

While several companies are considering making a public offering to mobilise capital, a few have taken a quicker route – Qualified Institutional Placements (QIPs), an instrument through which listed companies can sell shares directly to institutions without making a public offering. Most companies will use capital raised through QIPs to cut their high-cost debt and strengthen their balance sheets.

Banking and finance companies have been the first to spot the opportunity. For instance, SKS Microfinance raised about ₹400 crore while YES Bank mopped up ₹2,942 crore in May. Telecom companies, reeling under high debt, are also tapping the markets. Idea Cellular has raised ₹3,000 crore while Reliance Communications has mobilised ₹4,800 crore from institutional investors after getting bids in excess of ₹12,000 crore.

Overall, Indian companies have so far garnered about ₹11,500 crore from QIPs in only the first three months of this fiscal year, compared with ₹9,402 crore in the entire last year. This year's numbers look even better if we exclude the amount raised by State Bank of India from last year's total – the lender alone had mopped up more than ₹8,000 crore.

It is just a matter of time before other companies jump into the QIP bandwagon to raise funds. GMR Infrastructure is reportedly looking to raise close to ₹1,800 crore through this route while Ashok Leyland might mobilise up

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to ₹700 crore. "QIP will be the preferred format," says Vinay Menon, Managing Director at JPMorgan Chase India. "Equity cash market volumes have picked up significantly after the elections and have reached record highs. The risk appetite continues to improve."

What explains this rush towards QIPs?

Among the instruments available for raising equity from capital markets, QIPs are by far the easiest to issue. In comparison, a public offering requires going through lengthy and often complicated procedures. "Lesser cost, low regulatory approvals and shorter time duration required to acquire money [compared with other mechanisms] are some reasons for the high number of QIPs," says Prithvi Haldea, Founder and Chairman of Prime Database, which tracks capital markets.

N.H. Bhansali, CEO (Finance Strategy and Business Development) at consumer goods maker Emami, says QIPs typically gain momentum when stock markets are bullish. "QIPs help companies raise money in bulk without having to interact with public," he says. "Institutional investors take interest in QIPs because they get good value. Companies get committed funds from large investors," he adds. Bhansali, however, says Emami itself has no plan to raise funds at the moment. "We have ample cash with us," he says.

The Securities and Exchange Board of India seems to be on cue with the new realities in the market. On June 19, the capital-markets regulator announced a number of measures to rejuvenate equity issuances by Indian corporations. The regulator wants the pricing of shares for preferential issues and QIPs to be based on the volume-weighted average price, instead of closing prices. The volume-weighted price is the ratio of the value traded to total volume traded over a particular time. It is seen as better metric as it eliminates the outlier effect and is a more accurate determinant of prices at which transactions take place.

Ridham Desai, Managing Director at Morgan Stanley India, says the bullish sentiment is a direct consequence of the change at the Centre. The BJP-led National Democratic Alliance has won the largest majority in 30 years, raising expectations it can push through important reforms. "The new government has much greater ability to manoeuvre policy. That's the expectation of the market," says Desai.

Desai feels the government should take three steps to keep investor sentiment positive. First, the market is looking for consolidation on the fiscal side so that inflation can be controlled and real interest rates stay positive. Second, expedite project implementation to improve capital productivity. And third, focus on productive expenditure rather than unproductive inflationary spending. "We need to ensure that we do not upset the markets by doing things which will make the markets believe that growth will not pick up," he adds. ◆

RESEARCH INPUTS BY NITI KIRAN

@suprotip; @manukaushik

FAVOURITE PATH

The amount mopped up by companies from QIPs this fiscal year is already more than last year's fundraising

QIP ISSUES 2013/14		
Dhanlaxmi Bank	Apr 2, 2013	**69.86**
DEN Networks	May 6, 2013	**271.14**
ING Vysya Bank	June 25, 2013	**880.94**
Dhanlaxmi Bank	Dec 20, 2013	**67.22**
Hinduja Foundries	Jan 27, 2014	**80.93**
State Bank Of India	Jan 28, 2014	**8,031.65**
Total		**9,401.74**
QIP ISSUES 2014/15 TILL DATE		
SKS Microfinance	May 19, 2014	**400.00**
YES Bank	May 29, 2014	**2,942.08**
KSK Energy Ventures	June 2, 2014	**400.00**
Idea Cellular	June 5, 2014	**3,000.00**
Reliance Communications	June 25, 2014	**4,800.00**
Total		**11,542.08**

* Source: Prime Database; Figures in ₹ crore

WHILE A PUBLIC OFFERING REQUIRES GOING THROUGH LENGTHY AND OFTEN COMPLICATED PROCEDURES, QIPS ARE FAR EASIER TO ISSUE

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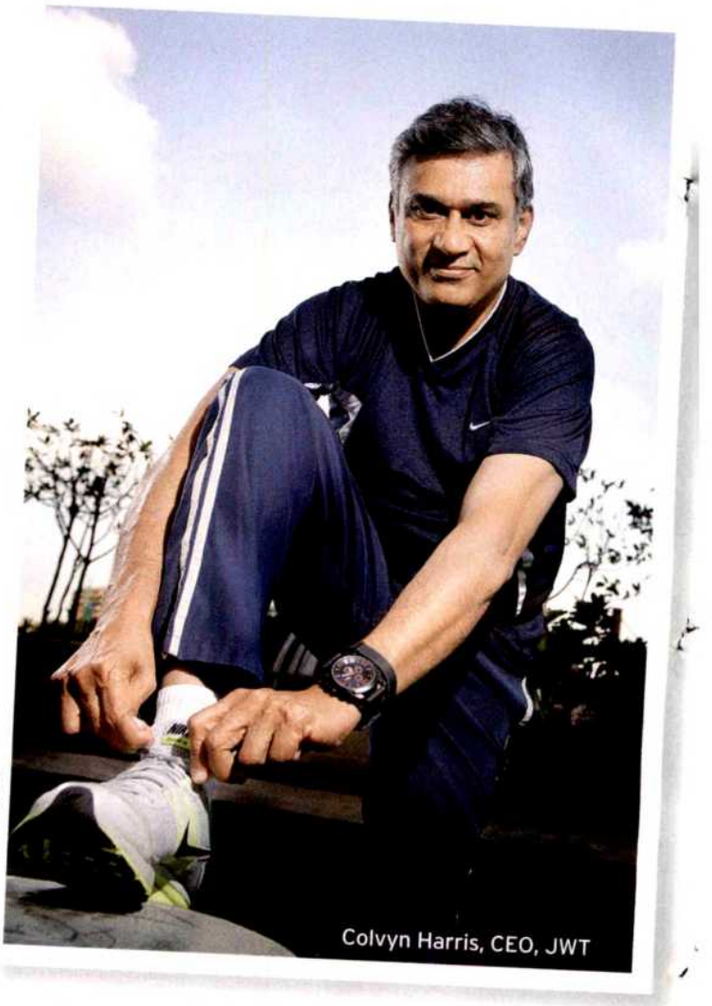
Future Perfect

After the disgraceful Ford campaign in 2013, JWT India makes a comeback to win eight metals at Cannes. By AJITA SHASHIDHAR

If there was a way to erase the year 2013 from his professional life, JWT CEO Colvyn Harris would have done it. Remember the controversial Ford Figo campaign that featured former Italian Prime Minister Silvio Berlusconi driving the car with three gagged women in the boot? Not just the marketing communication agency but even its parent company, WPP, had to apologise for it. And it had cost the JWT creative head Bobby Pawar his job.

A year later, Harris can barely hide his joy as the agency has won eight metals at the recently concluded Cannes Advertising Festival. It has also bagged 41 metals at the Goafest 2014. "I am doing back-flips and somersaults. I will show it to you before you leave," says an elated Harris.



RACHIT GOSWAMI

Colvyn Harris, CEO, JWT

Though JWT won metals for brand campaigns such as Hero Cycles, Nutribic and Godrej Security Systems at the Abbys, the star was undoubtedly the 'Make-Every-Yard -Count' campaign for Nike. It has fetched the agency four silver and three bronze lions across cyber, film, film craft and branded content categories at Cannes.

THE MARKETING COMMUNICATION AGENCY ALSO BAGGED 41 METALS ACROSS CATEGORIES AT THE GOAFEST 2014

Senthil Kumar, National Creative Director, JWT India, who is the brain behind the Nike ad calls it a campaign co-created by the cricket crazy youth of India. Cricket fans were invited on Facebook, Twitter and other social media platforms to send their cricket playing action images. The agency received a whopping 225,001 images, of which it picked up 1,440 and stitched them together to complete one cycle of a ball from the bowler to the batsman, then to fielder and to the keeper.

"It was a simple idea, but it is the way it was executed that won JWT the award," says Prathap Suthan, Managing Partner, Bang In the Middle. He believes that JWT's creative work has seen huge improvement in the last one year.

Pratap Bose, President, The Advertising Club, who has been trying to regain the lost glory of Goafest and the Abbys is relieved

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Product performance varies according to design, specifications and other environmental factors.

that the agency that won the Agency of the Year has also proved its worth at the Cannes. "We picked up the right campaigns that brought the country glory at the Cannes," he says. Here, he refers to the Godrej Security Systems campaign which won a gold at the Abbys and a bronze at Cannes.

Lessons Learnt

So what lessons did the agency learn since last year's disgrace? "The learning is it shouldn't have happened," says Harris bluntly. He says apart from that one-off incident, the agency continues to do what it has always been doing – managing its clients brands and businesses.

The Nike campaign, JWT says, was co-created by the cricket crazy youth of India

HARRIS SAYS JWT IS ALL ABOUT CONSISTENCY. "WE ARE NOT YESTERDAY'S VANILLA AND TODAY'S CHOCOLATE PASTRY"

"We see that our clients continue to be at the forefront. That's what keeps us going and which is why all our clients have long-term relationships. I don't want see ourselves doing something short-term that it impacts our long-term plans. These are the same clients who have got us so far."

Have they been extra cautious about the campaigns this year? Harris says that while they will ensure that blunders such Ford Figo ad are not repeated, all their work is regularly evaluated by the top management.

"I can tell you in the last 10 years, every year that we start the awards season, we evaluate the work. I have a standard line which I send out every year, which says, whatever you do don't bring disrepute to your company or to your client's business."

JWT, says Harris, has a standard process called Mojo, where the top team meets four times a year to evaluate not only the work done, but also the work they are proactively looking at doing for their clients. "There is a global process called Global Creative Challenge. So we don't just evaluate our work internally or within the country, we also evaluate it at a global level and try and understand whether that work is of global standards."

Despite the Ford campaign last year, Harris claims that his agency performed much better than competitors in a tough economic environment. "We also attracted good talent at senior levels," he says. More than its creativity, JWT has been known for its good strategic capabilities. Will its award-winning streak this year help change this perception? The industry feels that winning awards just for one year will not make them a great creative agency.

According to Harris JWT is all about consistency. "We are not yesterday's vanilla and today's chocolate pastry. Look at the last so many years as to how JWT has been doing. Who got India's first gold, who got the first cyber, has there been anybody who has got a metal in the film category? Then look at when all we have achieved them. That's the measure. It's not yesterday or today." ◆

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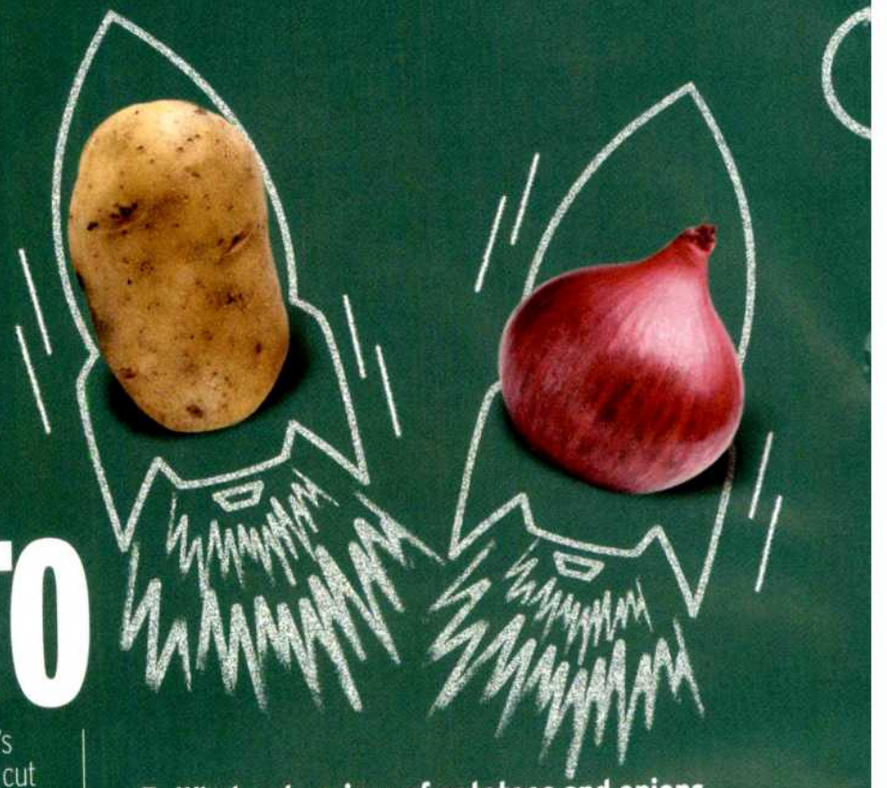


The Narendra Modi government's honeymoon period may well be cut short if it fails to control inflation. Prices of potatoes and onions have been rising alarmingly. The meteorological prediction of a poor monsoon this year makes the challenge even more formidable. The government has taken some steps. But are they enough?

Graphic by **Anand Sinha**

Research by **Niti Kiran**

1 Wholesale prices of potatoes and onions have risen around 44 per cent and 20 per cent respectively in the past six months

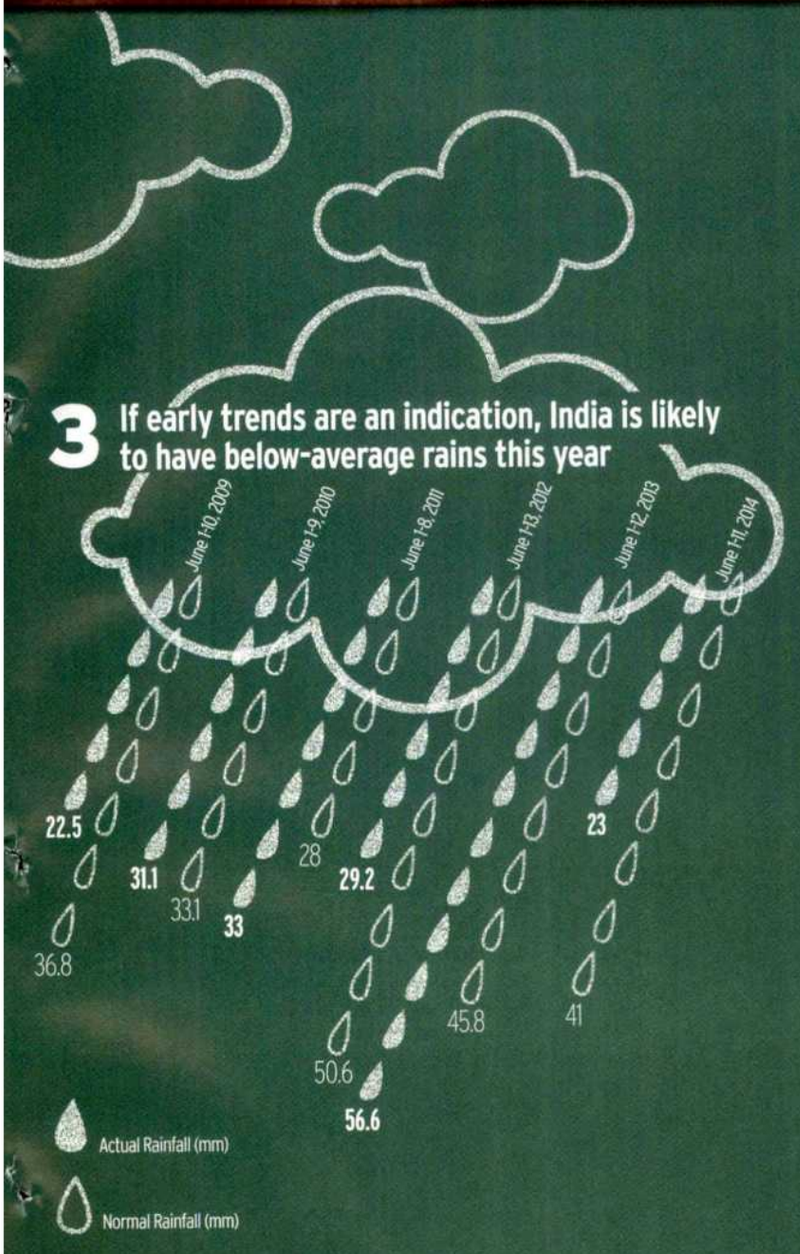
*As on June 19; prices in Delhi

Source: NHRD

2 Wholesale Price Index (WPI) inflation touched a five-month high in May. Food inflation is close to double digits

Source: Mospi

3 If early trends are an indication, India is likely to have below-average rains this year



SOME STEPS THE GOVERNMENT HAS TAKEN TO CONTROL INFLATION

- Imposed export restrictions on some farm commodities
- Ordered a crackdown on hoarders
- Raised minimum export price on onions to $300 per tonne from $150 per tonne to discourage exports
- Allowed direct sale of vegetables and fruit in the market by farmers instead of having to go through Agricultural Produce Market Committees
- Is closely monitoring prices of 22 commodities which affect food inflation

4 Sowing has been delayed because of the slow movement of the monsoon

Area sown figures in lakh hectares as on June 20, '14
Area sown figures in lakh hectares as on June 21, '13

Paddy	Pulses	Oilseeds	Sugarcane	Cotton
7.59 / 16.4	2.6 / 3.74	1.23 / 8.13	43.92 / 44.55	20 / 28.13
-53.7%	-30.5%	-84.9%	-1.4%	-28.9%

Source: Ministry of Agriculture

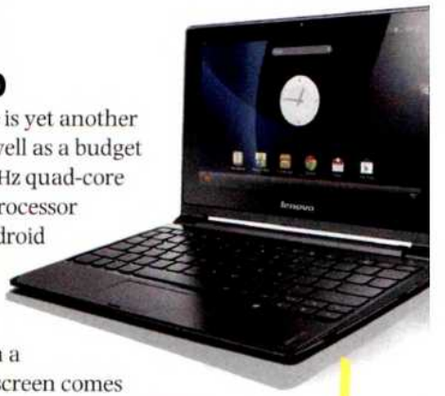
Football Fever

App Name: FIFA; Free

This is the ongoing 2014 FIFA World Cup Brazil's official app. It features the latest news and all the relevant details about the 32 participating teams. It also offers a compressive schedule of all the 64 matches. The app claims to bring you closer to the world of football than ever before with breaking stories, galleries from Getty Images, videos from the FIFA TV Studio and FIFA archives.

FIFA'S WORLD CUP APP, A HYBRID FROM LENOVO, AND SWEAT-PROOF HEADPHONES FROM PLANTRONICS

Smooth Laptab



The IdeaPad A10 from Lenovo is yet another hybrid – it can be a laptop as well as a budget tablet. It is powered by a 1.6 GHz quad-core Rockchip RK3188 Cortex-A9 processor coupled with 1 GB of RAM. Android OS isn't designed for laptops, but it works well here. Running on Android Jelly Bean, the A10 is equipped with a 10.1-inch touch display. The screen comes with a keyboard and a trackpad for use as a laptop, but it also has a touch display for the tablet mode. Web browsing was a smooth experience and so was handling documentation. The A10 offers close to six hours of battery with continuous usage, including video playback. But it starts to slow down while multi-tasking.

Touch panel, design

Old operating system

Lenovo IdeaPad A10 **Price:** ₹19,990

Plantronics BackBeat Fit **Price:** ₹6,999

Fine Toning

Sound, battery

Price, design

Workout and music go hand in hand. The new BackBeat Fit wireless stereo headphones from Plantronics has been designed keeping this in mind. In terms of design, the Fit isn't very different from earlier BackBeat products. Connecting the earplugs is a flexible band with the rear edge having a reflective design, which, the company has explained, is a utility feature for those running at night. The earloops are designed in such a way that they won't come off while running. There are controls added to the earphones with play/pause on one side and call answer on the other. One can play or pause by pressing the left control, while a double tap skips the track. To answer a call, press once on the right button. Keep the finger pressed there and the call is rejected. Pressing the left button mutes the call. The earphone's sound quality isn't out of the world – the bass and call quality are both about average. And while it is sweat-proof, Plantronics maintains, thanks to the p2i coating that prevents it from liquid damage, it is not meant for wear during underwater sports.

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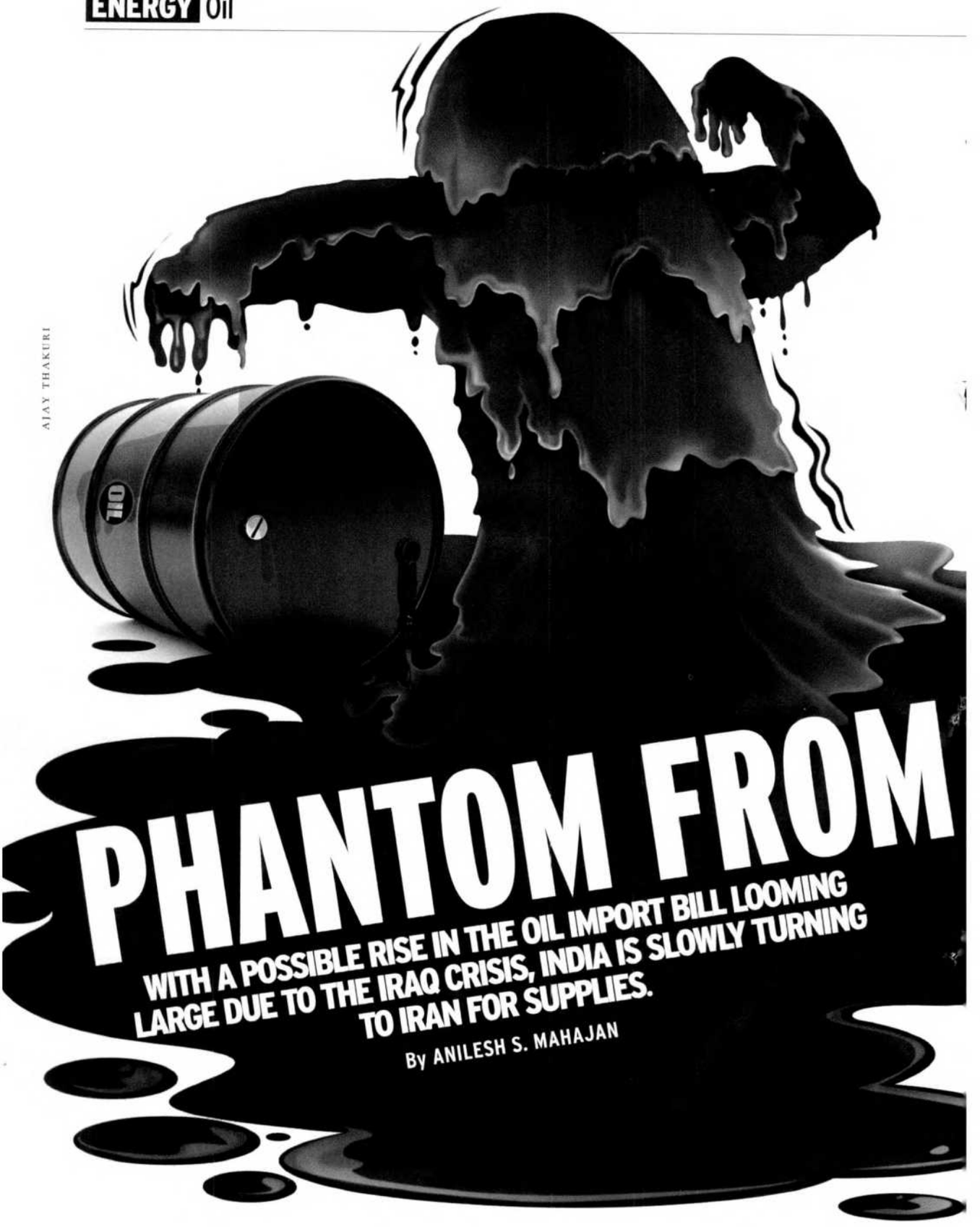

AJAY THAKURI

PHANTOM FROM

WITH A POSSIBLE RISE IN THE OIL IMPORT BILL LOOMING LARGE DUE TO THE IRAQ CRISIS, INDIA IS SLOWLY TURNING TO IRAN FOR SUPPLIES.

By ANILESH S. MAHAJAN

Ever since the unrest in Iraq broke out, India, Asia's second largest energy user, has been on edge. On June 24, conflicting reports about the capture of Baiji oil refinery in northern Iraq by the Sunni rebels sent jitters through the Indian establishment. It is Iraq's largest refinery and contributes one-third of the country's oil output.

Since 2012, Iraq has been India's second biggest source of oil imports after Saudi Arabia, supplying more than 20 million metric tonne (MMT) every year. Before that it was Iran. And now India seems to be once again looking towards Tehran for help even as the US tries hard to hammer out a political consensus in strife-torn Iraq.

At the petroleum ministry in New Delhi, Dharmendra Pradhan, newly appointed minister, is anxiously monitoring the developments. The ministry is officially in a 'wait-and-watch mode' as supplies to India come from the Basra oilfields in southern Iraq. "This place is far from the conflict zone. There is no immediate worry of supply disruption," Pradhan said. A senior official at the ministry said India can't do anything except hope that the conflict does not spread to the south of Iraq or the rebels don't capture the capital, Baghdad.

Pradhan had, on June 19, asked the oil marketing companies (OMCs) to be ready with a contingency plan in case of any possible supply disruption. He apparently told them to prepare both a short and mid-term plan, including diversification of the oil import basket. However, BJP's national convener of its energy cell Narendra Taneja said the challenge for the government was not about managing supplies. "It is about rising crude oil prices and increasing import bill. It's high time we diversify our sources of crude oil," he says.

According to the ministry officials the immediate plan is to import quality crude of the same quality from Iran to ensure steady supplies. An official said Iran is the most economical option as imports from Latin America and other far-off regions would entail higher transportation costs. "But the hindrance is the UN sanction on Iran that does not allow countries to increase their imports," says the official.

In a bid to smoothen the switchover, officials in the Prime Minister's Office (PMO) have already started the process of paying 30 per cent of the $4.2 billion that Indian refiners owe Iran. This amount apparently was held back because of the US-led UN sanctions against Iran over its nuclear programmes. Ministry official say the amount will be paid in US dollars and would be transferred through UAE's central bank. Iran reportedly was upset with the previous UPA regime over the delay in payments and also with India's flip-flop over investment commitments in Iran's oil exploration sector. Since 2009 India had consistently reduced oil imports from Iran and increasing those from Iraq to the same extent. In 2008/09, India imported 21.9 MMT from Iran, and since then it has been on the decline.

Officials in the Ministry of External Affairs told *Business Today* that Iran has not reacted to the feelers sent by the Indian establishment and the OMCs to increase oil shipments to India. "Don't expert Iran to take these developments easily," said an oil expert. Pradhan, who was in Moscow to attend the Global Petroleum Congress from June 15 to 19, had held talks with the senior officials of the OMCs on the issue there itself.

Meanwhile, India's ambassador to the US S. Jaishankar has been asked to take up the issue of sanction on Iran with the US lawmakers and seek further relaxation. The US along with the European Union (EU) had recently relaxed some provisions but Iran still cannot increase its oil exports.

India has already imported 50 per cent of the 19.4-MMT crude from Iraq this year. "We continue to get supplies from Iraq. Most of the oil fields from which Indian companies are sourcing oil are in southern Iraq, which is presently away from the conflict zone," says Indian Oil

THE OMCs HAVE BEEN ASKED TO PREPARE A CONTINGENCY PLAN BOTH FOR THE SHORT AND MEDIUM-TERM, INCLUDING OIL BASKET DIVERSIFICATION"

Dharmendra Pradhan, Minister of State for Petroleum and Natural Gas

spokesperson. IOCL along with Hindustan Petroleum Corporation Limited (HPCL) together will import 20 per cent of their oil needs or 18.7 MMT from Iraq.

Budgetary concerns

Meanwhile, in his North Block office Finance Minister Arun Jaitley is busy with officials and other stakeholders preparing his maiden Budget. But the Iraq crisis continues to be a worry for him too as it has pushed up the price of Brent crude. It has risen from $109.52 a barrel on June 10 to $115.71 on June 19, the highest since September 9 last year.

According to back-of-the-envelope calculations of the ministry, at the current price, a one rupee depreciation against the US dollar would push up the total annual under-recoveries by ₹7,900 crore. A dollar per barrel rise would lead to ₹4,400-crore increase.

"If the crisis persists, it would lead to both," says Anis Chakravarty, Senior Economist at the India chapter of Deloitte Touche Tohmatsu. Meanwhile, the rupee has depreciated to its lowest level in recent times in the last seven weeks. "This can have a cascading effect and could lead to short-term inflation," says Anis. India's dependence on Iraq for oil has also delayed diesel price deregulation. The mid-June under-recovery of ₹1.6 per litre on diesel has already crossed ₹2. Private OMCs like Essar Oil, Reliance Industries and Shell India were waiting for the diesel price to match the market price so that their retail outlets could increase sales.

$115.71
A BARREL WAS THE BRENT CRUDE PRICE ON JUNE 19, HIGHEST SINCE SEPT 9 LAST YEAR

R.S. Sharma, former CMD of Oil and Natural Gas Corporation (ONGC), lived in Iraq for three and a half years. "My experience says that this crisis will live longer and would worsen over time," he says. The only solace currently for India is that roughly 3.5 million barrels of surplus crude oil is available in the international market. This is mainly because in the last two to three years the shale oil and gas revolution has helped the US cut down its dependence on oil imports. Sharma says this could impact oil import bills.

In January, the then finance minister P. Chidambaram had at the bi-annual Petrotech Event said that India could not afford an oil import component of $164 billion in its total import bill of $491 billion in 2012/13. The situation has only worsened since then. India consumes about four million barrels of oil a day, of which 78 per cent is imported. Even a small change in price and currency position affects the oil import bill. "Currently the situation is manageable but if crude price touches $120 barrel a day, the situation might go out of our hands," says Taneja.

To India's comfort, the crude price has not gone as high as it did during the Syrian crisis in September 2013. The price had then jumped by more than 10 per cent in a week. India's short-term options are limited – push for easing sanctions on Iran or wait with bated breath for the peaceful settlement of the Iraq conflict. ◆

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BULLISH YET WARY

Fund managers remain optimistic on Indian equities but are also getting cautious of risks such as a bad monsoon and high inflation, finds the sixth edition of the *BT*-Morningstar Asset Allocation Survey. By MAHESH NAYAK

RAJ VERMA

Noriko Kuroki, Client Portfolio Manager at JPMorgan Asset Management, has pared her exposure to Indian equities in recent weeks as the stock markets surged following the landslide victory of the Narendra Modi-led Bharatiya Janata Party in the Lok Sabha polls. Kuroki, who manages $50 billion in assets as the head of emerging-market equities, now allocates seven per cent of her portfolio to Indian equities from 9.5 per cent a couple of months ago. Why did she lower her bets? "India is no more a cheap market. It may not be expensive but at these levels it is not a value proposition," she says. "The market has rallied on hopes that growth will come back, but it is yet to be seen if the government delivers."

Still, Kuroki is positive on India and feels that any reduction in bureaucratic red tape, a focus on increasing foreign direct investment and improving infrastructure will be positive signals for investors. Another fund manager who, like Kuroki, is optimistic but has turned a little cautious, is Tushar Pradhan. "The best has yet to come, so it is better to stay invested," says the Chief Investment Officer at HSBC Mutual Fund. He adds that high inflation and the twin deficits – fiscal and current account – could pose threats to Indian equities.

This cautious optimism is reflected in the sixth edition of the *Business Today* Morningstar Asset Allocation Survey of fund managers. The survey showed 26 per cent fund managers fear inflation to be a key risk for the market while 16 per cent expect the twin deficits to be cause for concern. Nearly a third fear that deficit monsoon rainfall

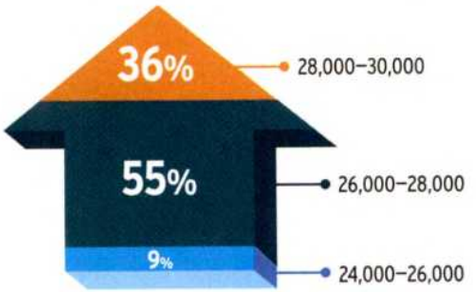
PARTICIPATING MUTUAL FUND HOUSES

1 Birla Sun Life MF	5 ICICI MF	9 Axis MF
2 UTI MF	6 HDFC MF	10 DSP Blackrock
3 Sundaram MF	7 Edelweiss MF	11 HSBC MF
4 Mirae MF	8 Quantum MF	12 PineBridge MF

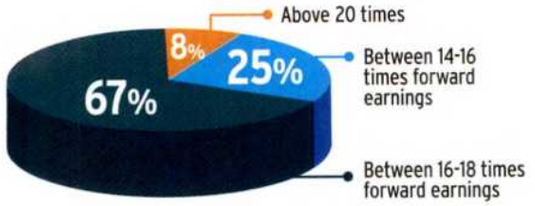
The 12 fund houses account for 50.5% of assets under management of the MF industry.

For the complete *BT*-Morningstar survey, go to
www.businesstoday.in/asset-allocation6

1 What is the expected level for the BSE Sensex with a six-month horizon?



2 What is the estimated P/E ratio for the BSE Sensex with a six-month horizon?



could hurt stock markets.

Despite the fears, however, the overall mood is positive with a stable government at the Centre. This confidence was reflected in the 15 per cent gain in the Bombay Stock Exchange's benchmark Sensex over the past two months. The Sensex touched an all-time high of 25,725.12 on June 11, but has since corrected a tad. The survey shows no fund manager expects the index to fall below 24,000 in next six months. In the last survey, in March, only 30 per cent fund managers expected the Sensex to trade above 25,000.

The bullish sentiment is not limited to large-cap stocks that comprise the Sensex. The survey shows that 25 per cent fund managers are willing to invest more than half of their portfolio in mid- and small-cap stocks, compared with nil in the previous round. Also, 58 per cent respondents say they would like to bet on growth stocks, while the remaining fund managers want to invest in value stocks. A vast majority (92 per cent) expects a pick-up in stake sales in state-run companies. Not surprising, then, that 82 per cent fund managers would like to invest in state-run companies.

Despite the Sensex's recent gains, valuations seem compelling to fund managers. Almost two-thirds of those polled expect the index's price-to-earnings ratio, an indicator used for valuing stocks, to hover between 16 and 18 times forward earnings over the next six

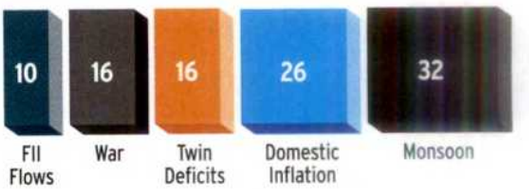
3 How should equity investors allocate money over the next six months?

4 Which sectors look attractive over the next one year?

5 Which sectors are you least confident about over the next one year?

6 Over the next one year, which leading global markets are likely to be most favoured by institutional investors?

7 What is the key risk for Indian markets?



All figures in per cent

months. In the previous survey, only 25 per cent predicted the same range for the PE ratio. Mahesh Patil, Co-Chief Investment Officer at Birla Sun Life Mutual Fund, says that in the past two to three years valuations were being looked from a one-year perspective. "Now that the new government is stable, the market is valuing for a longer time, like three to five years. So even though there is no change on the ground, there are expectations. Also, we are hitting the bottom of the economic cycle, so barring any black swan from international markets, we are witnessing the start of the investment cycle," he says.

The survey also shows that fund managers expect the economic situation to improve. Unlike the last survey, this time no fund manager expects growth in gross domestic product (GDP) to be below five per cent with a one-year horizon. While 58 per cent fund managers expect GDP growth to be in a range of five per cent to 5.5 per cent, the remaining respondents see the economy expanding between 5.5 per cent and six per cent.

With inflation remaining a concern, fund managers do not expect the Reserve Bank of India (RBI) to sharply cut interest rates. Nearly three-fourths of the respondents expect the repo rate – at which banks borrow from the RBI – to be in a range of 7.5 per cent to eight per cent. But the good news is that, in the next one year, 83 per cent of those polled predict that interest rates would start falling, versus 64 per cent in the previous survey.

Fund managers also believe inflation will cool off in the coming year. Of those polled, no one sees inflation based on the wholesale price index (WPI) above six per cent. While 60 per cent fund managers expect inflation to be between five and six per cent, the remaining see the price level at four to five per cent. Likewise, 55 per cent see the consumer price index (CPI) between seven per cent and eight per cent. WPI inflation accelerated to 6.01 per cent in May from 5.20 per cent in April, but CPI inflation eased to 8.28 per cent from 8.59 per cent.

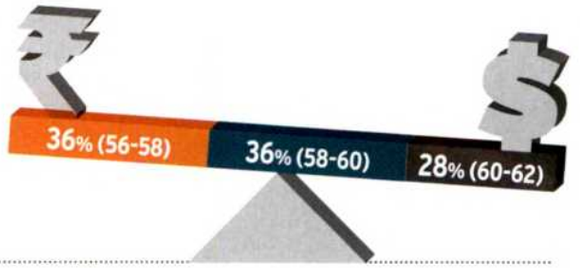
The survey also shows more fund managers expect the rupee to appreciate in next one year. No fund manager expects the rupee to fall below 62 versus the dollar and no one expects it to rise above 56. More than a quarter of the respondents expect the local currency to be in a range of 60 to 62 versus the dollar. Thirty-six per cent expect the rupee to strengthen and hover between 58 and 60, and an equal number of fund managers predict a range of 56-58 in the coming year. The rupee is currently trading around 60 versus the dollar. Meanwhile, the ongoing tension in Iraq has led to more fund managers expecting crude oil prices to surge. Eighty per cent respondents felt oil prices will hover between $100 and $110 a barrel, but no one expects prices to rise beyond $120 a barrel. ◆

@MaheshNayak

8 What allocation would you recommend for equity, debt, gold and cash over the next one year?

Equity	Debt	Gold	Cash
40-70	10-60	0-20	0-10

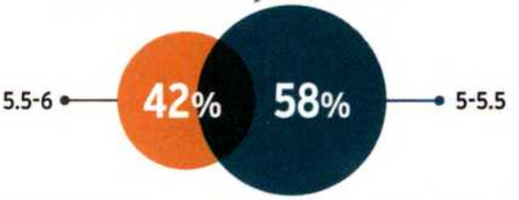
9 How do you see the rupee moving vis-à-vis the dollar over a one-year period?



10 What is the expected price range for Brent crude oil for the next one year?

11 Do you see a pick-up in disinvestment in public sector undertakings?

12 With a one-year horizon, where do you see India's GDP growth rate?



All figures in per cent

Source: BT-Morningstar Asset Allocation Survey

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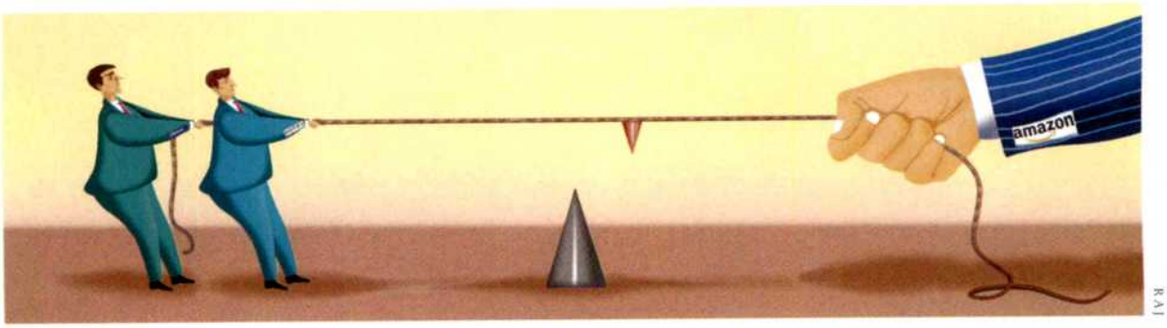

RAJ

"Flipkart's Myntra Merger Can't Stop Amazon"

AKSHAY CHATURVEDI
PGP Class of 2015
Indian School of Business (ISB)

AGREE

"The size of Amazon's pocket will speak for itself soon enough"

When Flipkart and Myntra joined hands earlier this year, people asked a multitude of questions: Why? Why now? What happens to their different business models? But the most important question they asked was – is this enough to take on Amazon?

According to a recent report by KPMG, Amazon India has already garnered half the visitors of Flipkart (6.78 million against Flipkart's 13.22 million). Venture capitalists and investors in the industry feel Prime Minister Narendra Modi will soon allow FDI in multi-brand e-commerce. A race has begun to consolidate their biggest e-commerce investments to weather the storm better.

But Amazon has mature technology platforms, financial support and the experience of having run this model successfully in several markets around the world. There is reason to believe that – like Google, Facebook, Twitter and eBay – Amazon too will hit the Indian market in full force.

Amazon has already come up as a true innovator for the 'hungry-for-more' Indian consumer – with mobile apps, same-day delivery, superb brand recall in the age group of 20 to 35 years, and the ability to deliver goods to the last man standing, covering more than 20,000 PIN codes! Its pace of growth in such a short time is no magic. Amazon has been the top player across the world, and the size of its pocket, coupled with no investor-driven hurry will speak for itself in the Indian market soon enough.

KARTIK YADAV
Doctoral Student
IIM Bangalore

DISAGREE

"Merger will ensure Flipkart survives till India market matures"

That Amazon – the giant of e-retail with colossal sales and soaring shares – is not profitable is common knowledge. After a debacle in China, it is going all out to make a success story of India, delving into its deep pockets to gain market share.

In such a market, Flipkart's decision to buy Myntra makes a lot of economic, if not accounting, sense. With their common investors (Tiger Global, Accel Partners and Sofina), Flipkart and Myntra are natural allies, and it would have cost them a bomb to stay relevant separately.

Flipkart's dominance lies in electronics and books, but the big margins lie in fashion and apparel, where Myntra has a lead. Flipkart's superior backend and delivery mechanism can in turn benefit Myntra. These synergies are going to be crucial. Apart from saving on technological investments, together they can hope to analyse mountains of big data better – the core strength of Amazon.

In pursuit of revenue growth and market share at any cost, these players too (like Amazon) are incurring losses despite soaring sales. But Flipkart at least makes a profit per transaction, so the day it stops expanding and investing in technology, it can become profitable. Pursuit of market share will come handy once the market matures and then explodes as in China. The consolidation by Flipkart will go a long way in ensuring it survives till then and doesn't get rolled over by Amazon.

The debate continues online. Management students, do log on to *www.businesstoday.in/bschooldebate* and record your views as well, to make this an intellectually stimulating endeavour. The most well-thought-out comment wins a year's subscription to *Business Today*

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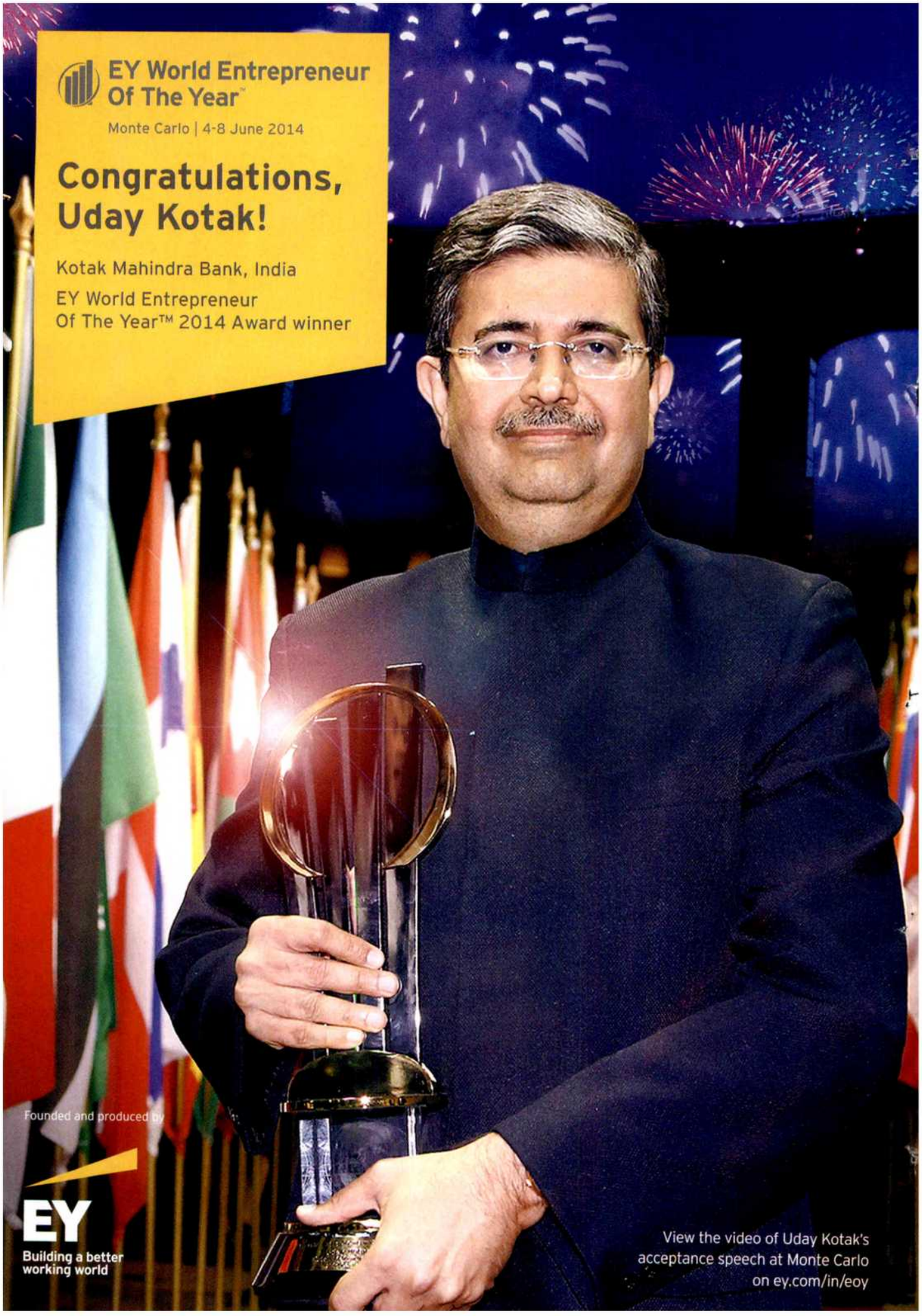
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Banking on the future

e love entrepreneurs for the way they make working without net look easy, even in a strong headwind. That's the story of day Kotak, who turned down a steady job in a multinational in ıe 1980s to kick-start his entrepreneurial journey.

ɔr persevering against and triumphing over long odds, Uday, ıe founder, Executive Vice Chairman and Managing Director f Kotak Mahindra Bank (KMB), has been named the EY World ntrepreneur Of The Year 2014.

day Kotak founded what would become KMB in 1985 with apital borrowed from family and friends. By anticipating and ıen taking strong action to respond to evolving market trends, day has successfully guided the firm he founded through ıree decades of sometimes turbulent economic conditions.

Today, the bank has 605 branches across 354 locations in India and its subsidiaries have international offices in London, New York, Dubai, Abu Dhabi, Mauritius and Singapore. The KMB brand has become synonymous with investments across the financial services spectrum, buoyed by its campaign: "Think Investments – Think Kotak."

"This award is a recognition of the skills and dedication of the 26,000 employees of KMB who have worked so hard to build a world-class Indian financial services brand."

Uday Kotak is the second World Entrepreneur Of The Year from India, following Narayana Murthy, founder and Chairman of Infosys Technologies, who received this honour in 2003.

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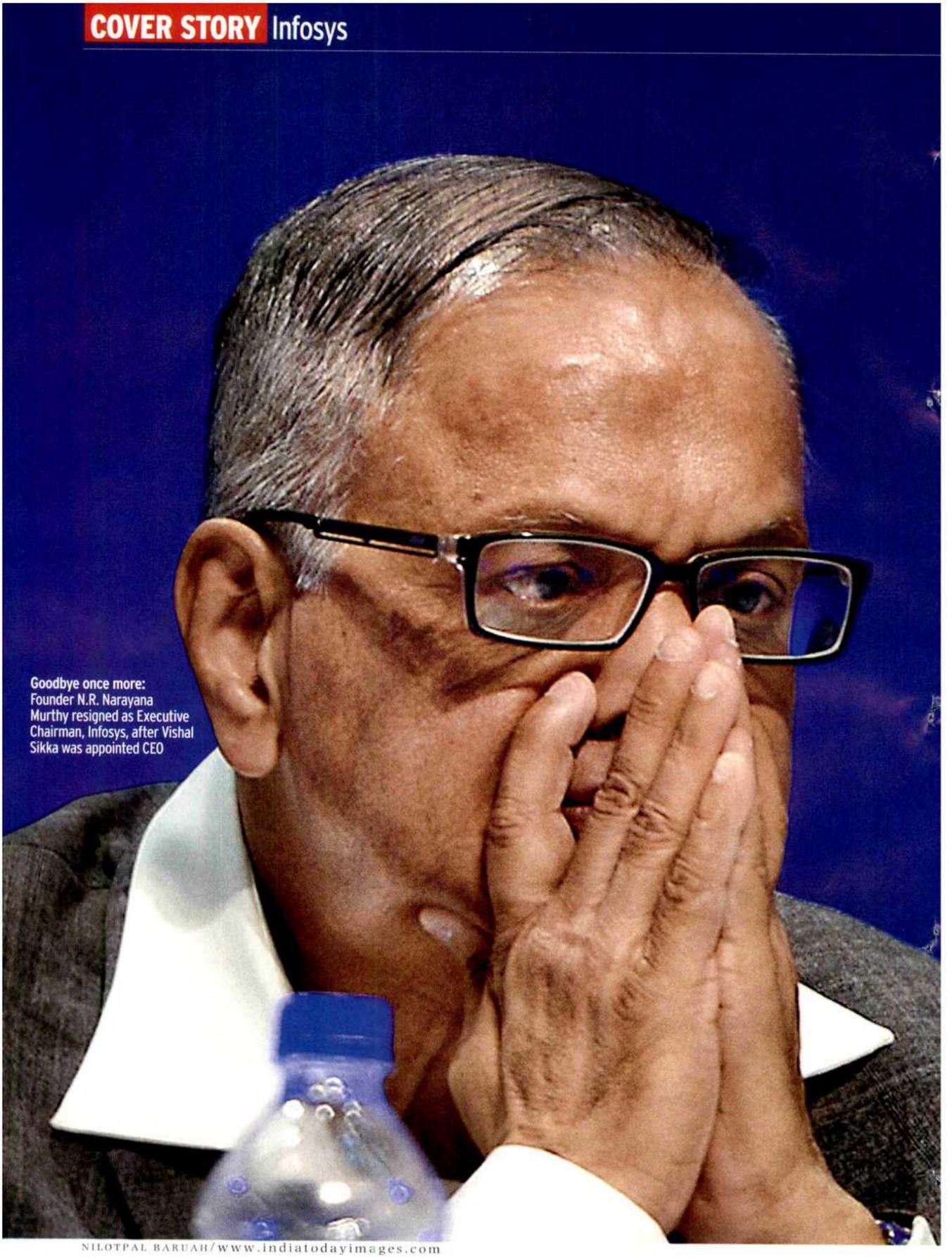


Goodbye once more: Founder N.R. Narayana Murthy resigned as Executive Chairman, Infosys, after Vishal Sikka was appointed CEO

NILOTPAL BARUAH/www.indiatodayimages.com

INFY AFTER MURTHY

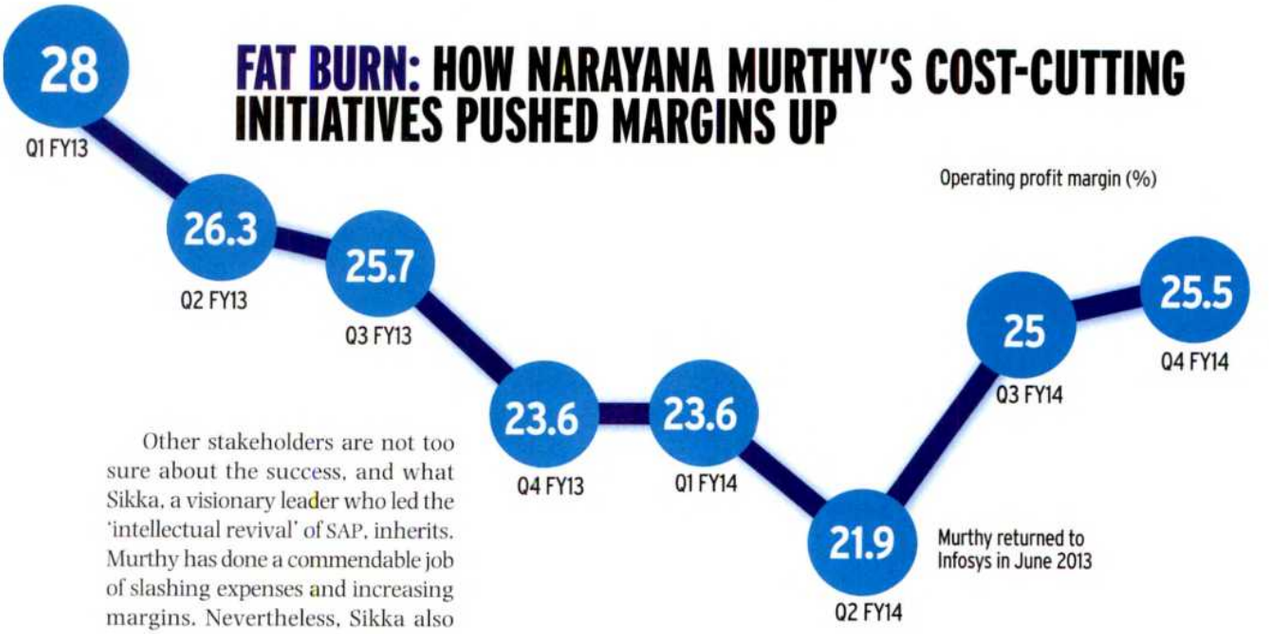
VISHAL SIKKA INHERITS AN INFOSYS WHERE NARAYANA MURTHY HAS CUT COSTS AND INCREASED MARGINS. HE ALSO HAS TO DEAL WITH THE RAMPANT LOSS OF TOP TALENT AND THE HEARTBURN CAUSED BY AN EXECUTIVE ASSISTANT'S OVERARCHING ROLE.

By GOUTAM DAS

The audioscape of investor chatter and the Infosys song *Moving hand in hand* died down minutes before 3 p.m. on June 14. N.R. Narayana Murthy, wearing a white shirt with cutaway collars and grey jacket, walked on to the stage along with other board members. For a while, he sat on a chair, his right palm covering his mouth. A few investors clapped when he introduced himself. There was sombre silence when he got up and walked across to the podium to address the company's annual general meeting for the last time. "This time it is going to be a long speech. Since this is my last appearance as the Chairman of the company, I am entitled to it," he said.

Murthy surprised everybody by announcing he would leave the company just a year after his return. Murthy first retired from Infosys in August 2011 but made a comeback in June 2013 after the company's performance floundered. With the appointment of Vishal Sikka as the new CEO, Murthy will leave the company on October 10 this year. In June 2013, he had been appointed for a period of five years and had said he would take 36 months to turn around the company. And yet, in his long, forceful AGM speech, he claimed victory, saying the twin tasks he had been assigned were complete – building a foundation for the company's growth and finding an "able CEO" to take the firm forward.

FAT BURN: HOW NARAYANA MURTHY'S COST-CUTTING INITIATIVES PUSHED MARGINS UP



Other stakeholders are not too sure about the success, and what Sikka, a visionary leader who led the 'intellectual revival' of SAP, inherits. Murthy has done a commendable job of slashing expenses and increasing margins. Nevertheless, Sikka also has to deal with the rampant loss of top talent and the heartburn caused by the chairman's office, which Murthy constituted. Also, an executive assistant's overreaching role.

All internal CEO hopefuls – Ashok Vemuri, B.G. Srinivas and V. Balakrishnan – have left the company. The Infosys Executive Council in 2012/2013 had 16 members – seven of them have quit; one is on a sabbatical. The overall attrition rate now stands at 18.7 per cent, up from 16.3 per cent the previous year. Ask any executive why he quit, and pat comes the reply: "It's not the same company any more."

When Sikka peels the onion, he will find Infosys, in fact, started changing soon after Co-founder Nandan Nilekani's term as CEO ended in 2007.

Onion Peel 1: Son Rise

A "founders-only" policy meant that Kris Gopalakrishnan and S.D. Shibulal took turns at the high chair. Co-founder Shibulal was appointed CEO on August 21, 2011. In the following quarters, both revenues and margins suffered setbacks. The company's operating margins, previously among the highest in the industry, had dipped to 25.7 per cent in December 2012 from 31.2 per cent in December 2011. Infosys's cost of sales was shooting through the roof. Murmurs of unease with Shibulal had grown stronger. In private circles, Chairman K.V. Kamath started saying he was unhappy with the company's performance. One of the board members met Murthy to check if he would make a return to the company. A fund manager from Archi Asset Management also sent the board a letter seeking Murthy's return. Next, Kamath met Murthy with the request.

Murthy, according to a person involved in the discussions, laid out three conditions for his return – he needed all the powers to make decisions, a private jet for travel to all the delivery locations, and the entry of his son Rohan Murty.

No one objected to the first condition. Murthy was told the company need not buy a private jet. He could hire one whenever required. Rohan? Only one board member recalls opposing the new arrangement. He advised Murthy not to come back because by doing so he would be going against the values Infosys stood for – promote meritocracy, under promise-over deliver, be ethical, take no high risks and share wealth, among others. But none of the other board members spoke against it. Murthy assured them Rohan would be there just as an executive assistant, nothing else.

Rohan turned out be more than an executive assistant.

Onion Peel 2: Infy, Disconnected

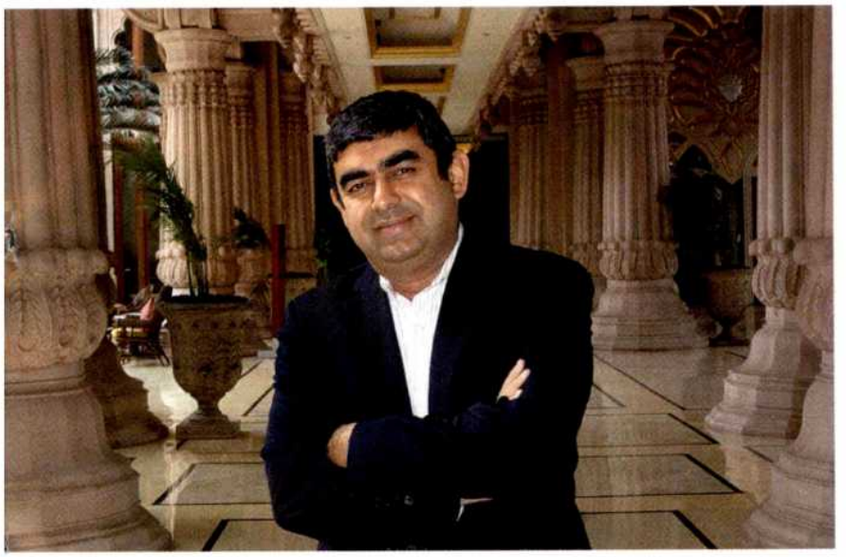
The message, for many, was in a tie. Infosys, a conservative company, had a rule – all employees to wear ties on Mondays and Tuesdays. This was unpopular with many of the younger employees, particularly the vast majority who were not customer-facing. The story goes that one day Rohan asked for the tie rule to be scrapped. Sure, many other employees had been asking for it – but the rule quickly changed after Murthy returned. Employees now wear ties only on Mondays. "The organisation quickly found out where the power centre was," a former board member said.

There were others who gained in influence in the company. Murthy constituted the Chairman's Office with four executives – Rohan, who was in-charge of delivery effectiveness and productivity; M.D. Ranganath, the Chief Risk Officer, looked at expenses and cost cutting;

TCS INCREASED ITS REVENUE LEAD OVER INFOSYS, WHILE COGNIZANT OVERTOOK IT

	2009/10	2010/11	2011/12	2012/13	2013/14
TCS	6,339	8,187	10,171	11,568	13,442
INFOSYS	4,804	6,041	6,994	7,398	8,249
DIFFERENCE	1,535	2,146	3,177	4,170	5,193
COGNIZANT	3,279	4,592	6,121	7,346	8,843
INFOSYS	4,804	6,041	6,994	7,398	8,249
DIFFERENCE	-1,525	-1,449	-873	-52	594

Figures in $ million



VISHAL SIKKA, THE NEW CEO, IS KNOWN TO BE AN INSPIRATIONAL LEADER

Deepak Padaki, who previously headed the company's mergers and acquisitions, now spearheaded sales effectiveness; and H.R. Binod, who was previously the Global Head of Commercial and Corporate Relations, was made responsible for talent supply chain.

All the four made presentations stating what a terrible state the company was in. Murthy subsequently started criticising the company's productivity, the India business where margins are low, and the product and platforms group, which included the company's core banking product Finacle. Much of Murthy's second coming was about improving profitability. Operating margins improved from 23.6 per cent in the March quarter of 2013 to 25.5 per cent in March 2014.

"Murthy did well on the cost side. Rohan was an EA but he became an 'extra constitutional authority'. He didn't understand the business, but the organisation started taking decisions based on his views," a former executive council member said.

Former board member and HR head T.V. Mohandas Pai seconds the view. "The chairman's office, which was set up as an enabling office, turned into a power centre, disempowering senior people and further slowing down decision making."

In one of the review meetings, Rohan remarked: "Start-ups in Silicon Valley make a billion dollars with 100 people. Why do we need 5,000 people in Finacle for $300 million revenues?" In fact, he had

VIVAN MEHRA/www.indiatodayimages.com

WHAT ROH SPEARHEA

Measuring i productivity

Automation developmen

Initiatives t and foster t competence

A programm junior emplc mentored ar

Use of onlin retrain peop

Other initiat in a 'culture

Source: Murthy's AG

ROHAN MURTY STARTED AN ATTEMPT TO MEASURE TIME SPENT AT WORK

counted some 1,250 heads less. Finacle, in reality, had 6,254 people by March 2014 and revenues of $297 million but it is evident from the company's disclosures that it has cut back on its workforce – the banking product division had 7,249 employees as of March 2013.

Around August 2013, Rohan started an attempt to measure individual productivity, the time spent at work. "He said people were working 6.5 to seven hours instead of nine. A software was installed on all computer screens of some units that tracked employee productivity," an HR executive said. "This is not a factory. Employees protested against the software being installed on their machines." Rohan also wanted evaluation when people were trained on the job, even those who were billable. "The industry does not have assessments for examining the training of billable people. People felt it was like going back to school," the employee further added.

On yet another occasion, Rohan said that graduates from Harvard were paid $100,000 when they joined corporations. Why should Infosys pay its sales guys more? "So $100,000, with benchmark. Expe at Infosys wer $150,000 to $2 former HR execu

Infosys, in a r *Today*'s detailed measuring and i tivity of employe every company's tice. "Companie productivity of e going basis to Higher product cost of operation companies price

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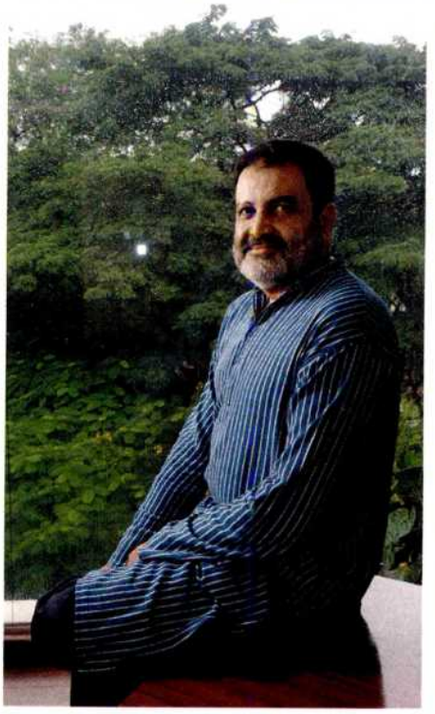
competitively in the market.

"Productivity and cost optimisation have been the focus of the company across departments and functions during the last year, not just a few. Senior leaders drove productivity improvements and cost optimisation measures in their departments and functions. It is totally misleading to attribute such initiatives to just one or two individuals." The company also added that "the implications in the references to specific individuals and numbers in your questions are highly speculative and inaccurate".

Rohan's role was clearly strategic in the company – it is not uncommon for EAs to assume strategic roles. Rajiv Dube, Director of Group Corporate Services at Aditya Birla Group, was once executive assistant to Ratan Tata, Natarajan Chandrasekaran, CEO of Tata Consultancy Services (TCS) today, was executive assistant to Subramanian Ramadorai when he was CEO of TCS. Rajan Anandan, Head of Google India, was executive assistant to Dell Inc CEO Michael Dell in 2003. But becoming a power centre is altogether a different thing.



Murthy himself gave it away during the AGM speech that laid out in detail six strategic efforts Rohan "conceived, implemented and pushed forward" – those that would help Infosys differentiate in the marketplace. Besides measuring productivity, the initiatives included more automation in software development, broadening technical competence, a programme to identify people who could be fast tracked, retraining of people, and ushering in a new culture of innovation.

"Some of you have questioned why I asked Rohan to put his life on hold and come and add value to Infosys. I wanted Infosys to think differently and invest in some bold initiatives that would yield results in the medium-to-long term," he told investors who gathered at the Christ University auditorium in Bangalore for the AGM. His brief was "not to accept the status quo".

Many of Rohan's initiatives may have been well intentioned. But did old timers find it difficult to digest the status quo being questioned? Rohan did not respond to clarifications sought by *Business Today*.

"It wasn't about the status quo... Everyone knows the company needs to change," Gaurav Rastogi, who joined Infosys in 2003 and was responsible for driving long-term revenue growth for many of the company's top clients as a Vice President, said. "It was more the lack of transparency and clarity of thought that was a concern. It ultimately comes down to trust. Did all the executives feel trusted enough, or did we feel that we were neither trusted, nor could we trust?"

Rastogi, who is based in the US, says he was trying to rebuild the company's sales organisation "when the company pivoted quickly to a plot choreographed closely in Bangalore". He quit in October 2013.

Rohan left the company on June 14 as his stay was linked to Murthy's executive role in the company.

> **"THE CHAIRMAN'S OFFICE, SET UP AS AN ENABLING CENTRE, BECAME A POWER CENTRE"**
>
> MOHANDAS PAI/ FORMER HR HEAD & BOARD MEMBER/ INFOSYS

Onion Peel 3: Fat Burn Side Effects

Rastogi's point is not hard to see. Heeding suggestions from the chairman's office, Murthy said he did not want senior people or experienced lateral hires and could run the onsite sales show with fresh graduates from premier B-schools. "Murthy wanted 200 people from the best B-schools for sales. Many refused the offers because there were no perks," the HR executive added.

Murthy then started questioning pay hikes to sales employees. A few had their salary doubled. "They had got promoted. They got promoted to becoming title holders – to the position of Assistant Vice President. The salary doubled routinely because of the variable component in the pay. But Murthy thought the variable pay was high," the executive said.

Infosys, in its clarification, said

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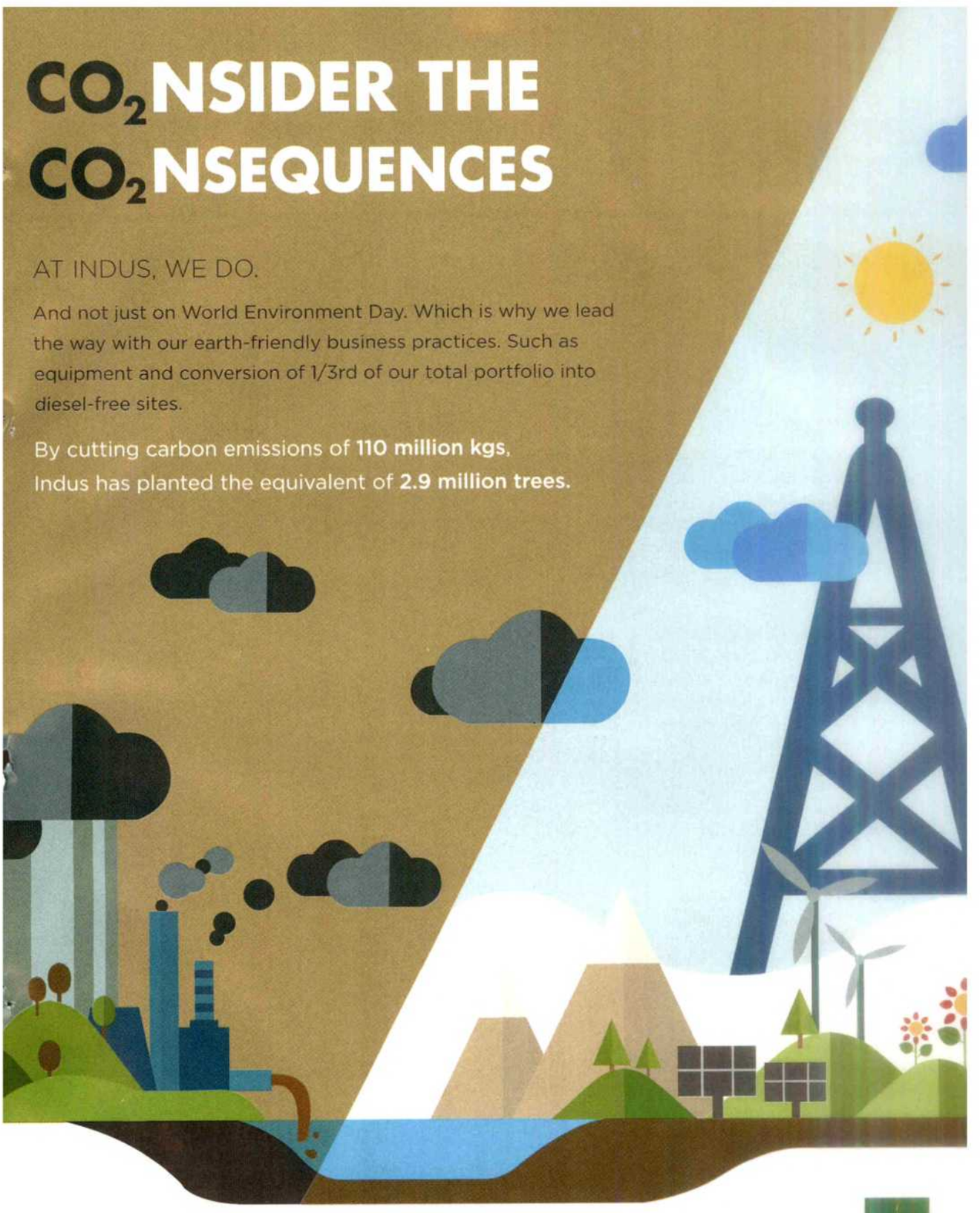

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THE EXITS: INFY'S EXECUTIVE COUNCIL HAS BEEN DISSOLVED. SEVEN OF ITS 16 MEMBERS HAVE LEFT THE COMPANY

ASHOK VEMURI
LAST DESIGNATION AT INFY: Director and Head of Americas; Global Head of Manufacturing and Engineering Services
WENT TO: IGATE as CEO

B.G. SRINIVAS
LAST DESIGNATION AT INFY: Director and Head of Europe; Global Head of Financial Services and Insurance
WENT TO: PCCW Ltd as Group MD

V. BALAKRISHNAN
LAST DESIGNATION AT INFY: Director and Head of Infosys BPO, Finacle and India Business Unit
WENT TO: Joined politics, runs a fund

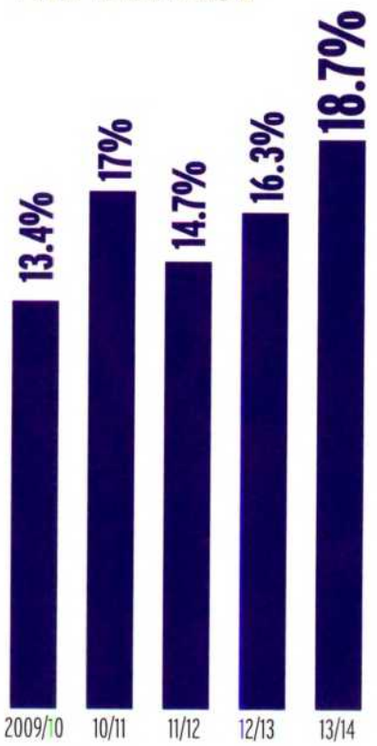
STEPHEN R. PRATT
LAST DESIGNATION AT INFY: Senior Vice President and Managing Partner - Worldwide Consulting and System Integration
WENT TO: Scheming, Inc.

that its salaries were determined by market benchmarks and individual performance, and that it attracted and retained top notch talent with competitive salaries. The company further added: "We have robust performance management systems and mechanisms covering goal setting, performance evaluation and rewards. Last year, we strengthened these mechanisms further to ensure alignment with organisational objectives such as growth and profitability. We encourage high performance and a robust work ethic in the company."

Murthy, according to two of our sources, went on to give Ranganath a target of saving $130 million to $160 million in onsite costs a year. This created a sense of panic. Sales and support staff numbered 9,346 by March 2014, down from 9,680 in the year-ago quarter.

Sudin Apte, CEO of research outfit Offshore Insights, said the culls were not just in sales. Infosys also trimmed its field marketing teams in the US and Europe. "Foreigners were fired and Indians were asked to come back to India. It was a wrong assessment of the situation. Cognizant is benefiting from marketing," he said.

THE EXODUS: INFOSYS'S ATTRITION RATE IS AT A FIVE-YEAR HIGH



Chief Marketing Officer of Infosys Paul Gottsegen was one such exit. Mid-tier IT company Mindtree benefited – in October last year, he joined Mindtree as its Senior Vice President, Chief Marketing and Strategy Officer. "At Mindtree we treat marketing as an investment, not an overhead. The game is becoming more market driven. You need to be in front of the customer," Mindtree CEO Krishnakumar Natarajan said. "Paul has worked very well for us. He is putting the foundational elements that will give us the right visibility going ahead."

Infosys doubled its revenue growth from 5.8 per cent in 2012/2013 to 11.5 per cent in 2013/2014, but that is still way behind what rivals mustered. TCS grew at 16 per cent and Cognizant even faster at 20 per cent.

Apte says another of Murthy's cost-cutting decisions may actually end up hurting the company in the long run – Murthy refused to hike the budget for Infosys Labs, the R&D wing of the company. "If there is low differentiation in the market, then accelerate the R&D budget. Infy Labs

PRASAD THRIKUTAM
LAST DESIGNATION AT INFY: Senior VP and Global Head of Energy, Utilities, Comm. and Services
WENT TO: Dell Services as President and Global Head, Application Services

CHANDRASHEKAR KAKAL
LAST DESIGNATION AT INFY: Senior Vice President and Global Head of Business IT Services
WENT TO: L&T Infotech as COO

BASAB PRADHAN
LAST DESIGNATION AT INFY: Senior Vice President and Head of Global Sales, Marketing and Alliances
WENT TO: Hexaware Technologies, Board Director

NANDITA GURJAR
LAST DESIGNATION AT INFY: Senior Vice President and Group Head of Education and Research
WENT TO: On a sabbatical

"TO CUT COSTS ABROAD, FOREIGNERS WERE FIRED AND INDIANS ASKED TO COME BACK"

SUDIN APTE/ CEO/ OFFSHORE INSIGHTS

was set up to differentiate the company," a former executive associated with Infosys Labs said.

Soon after Murthy's return, Subrahmanyam Goparaju, the head of Infosys Labs, met Murthy and Ranganath. Goparaju had to answer a template that had questions such as "what are the initiatives to reduce cost?" Murthy asked: "Did Infy labs produce enough value?" Labs had created packages around business process modelling, mobile platforms and analytics platforms, but the answer was a clear no. "That is because whatever we produced was not deployed appropriately. The talent in the Labs was the same as in the rest of Infosys," the executive said.

For three years, Goparaju had been trying to persuade Gopalakrishnan and Shibulal that the Labs model had to change. He wanted Infosys to double the Labs budget but cut down on the number of people. The budget was needed for better talent, more employees with PhDs, more internships, more relationships with professors who would agree to be at Infosys on a sabbatical, software and hardware. Shibulal and Gopalakrishnan often agreed, but said: "The going is tough. Hold on."

Murthy never approved any higher budget either. Labs, at its peak, had 600 people. By the time Goparaju quit in December 2013, the workforce numbered around 450.

The company's R&D expenditure, which also includes Finacle, totalled 2.5 per cent of overall revenues in 2012/2013 – it reduced to two per cent in 2013/2014.

What will Sikka, a hardcore innovation and R&D executive, do with the company's products group? If Goparaju could have foretold the chain of recent events at Infosys, he might have just stayed on.

Onion Peel 4: The Leadership Deficit

Different executives left for different reasons. Among the top three internal CEO candidates who left, Vemuri was unhappy with the swap to manufacturing – Shibulal asked Vemuri, who headed the firm's banking, finance and insurance business (BFSI), to head manufacturing. Srinivas, the manufacturing head, became the new chief of BFSI. Vemuri joined IGATE as CEO. Balakrishnan wanted Human Resources to report into him. That never happened, nor did Murthy or Shibulal do much about his suggestion to promote Vemuri, Srinivas and him as "co-COOs". Srinivas, the last of the three to leave

the company, was upset because in the CEO hunt he felt he was put at the same level with many who reported to him. A third party agency, tasked with identifying internal CEO candidates, asked his reportees to make presentations to take a shot at the CEO role. Srinivas, a frontrunner for the post, also asked Murthy if he would quit his executive role after the new CEO was picked. "Murthy said no. Srinivas did not want to be a dummy CEO. Srinivas did not discuss his resignation with Murthy. He just sent a mail saying he was quitting," the HR executive said. When other executives unhappy with the chairman's office started looking out, there were plum jobs elsewhere. Former executive council member Chandrashekar Kakal left Infosys to join as COO of L&T Infotech. Prasad Thrikutam joined Dell Services and Basab Pradhan is now a Director at Hexaware Technologies.

"If you don't meet revenue estimates, it is flagged up to the highest level. It is a pressure cooker environment at the moment. When you fall, there is no sympathy at all," says a sales executive heading a vertical. "People left because of the pressure. Unlike his public persona, Murthy is an extremely hard hitting guy," he adds. In the last few months, many sales executives wanted to stay away from Murthy "because it is going to be career limiting".

On a year-on-year basis, many sales executives onsite were set a target of garnering 40 per cent growth individually. "This is crazy. Everyone cannot meet it. So Murthy is hedging his bets and hoping we will do 25 per cent," the executive said. The company has half yearly targets. If executives don't meet them, they were put on a "performance improvement plan" for a few months. "You quit if you still can't perform."

Murthy may have made the company leaner and cleaned it up of redundant people. Nevertheless, the new CEO, Sikka, will face the daunting task of connecting disconnected people.

"Time will tell if Sikka can create a team out of the cadre of leaders he inherits. But he will know that many in his team have been tested for CEO, and believe they are close to the seat, only he comes in their way," says Rastogi, former Infosys Vice President. "He will find plenty of ambition, but he will have to give them a shared purpose that's higher than their individual ambition."

Nevertheless, handling people is not new for Sikka. He is known to be an inspirational leader and, as SAP's Chief Technology Officer, got the whole company to rally around a new product. *BT* has noted earlier the uncanny resemblance between the SAP of 2008 and the Infosys of 2014. In 2008, the German multinational was called a turtle, a giant that was too slow. The company was being slammed by customers, analysts and competitors; it was unable to innovate and competitors such as Oracle gained ground and relative newcomer Salesforce.com emerged a strong rival. The Infosys Sikka inherits has similar issues. Sikka, back then, spearheaded HANA, a new database management system that eventually became SAP's fastest growing product ever. Its success reinvigorated the company, changing its culture to more customer-centric and start-up like – agile and fast at developing software.

There is one difference though – Sikka is a technologist and has done well in a products company. SAP employs 66,572 and Infosys, a services giant, 160,405 people. The complexities are different.

"The core team is gone. Sikka has to rebuild it. Services business is also about emotional connect because it is a people's business," the former board member quoted earlier says. "Sales also needs fixing and all this has to be done in the public market. Infosys will take a long time to come back."

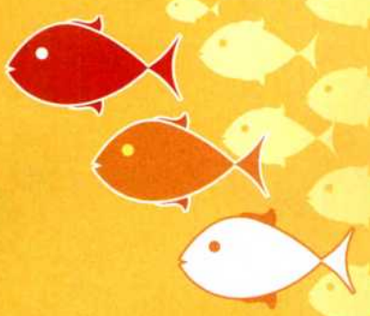
To his advantage, Sikka will not have the looming presence of Murthy and the chairman's office which has now been dissolved. Kamath is once again Non-executive Chairman, effective October 11.

"I want the new CEO to chart his own path to create better glory for Infosys without any interference from the founders," Murthy told investors at the AGM. For a company 33 years old and with $8.25 billion revenues, that will be the next defining part of its journey. ◆

@Goutam20

BT RETRO

BT has closely tracked the twists and turns at Infosys for years. *Missing Murthy* (February 17, 2013) noted the only way the company could hope to arrest its slide was by bringing back Murthy. Four months later, he was back *Yesterday Once More* (July 7, 2013). The same issue profiled Rohan Murty, *The Unlikely Infoscion*. For these and other stories, go to *businesstoday.in/archives-Infosys*



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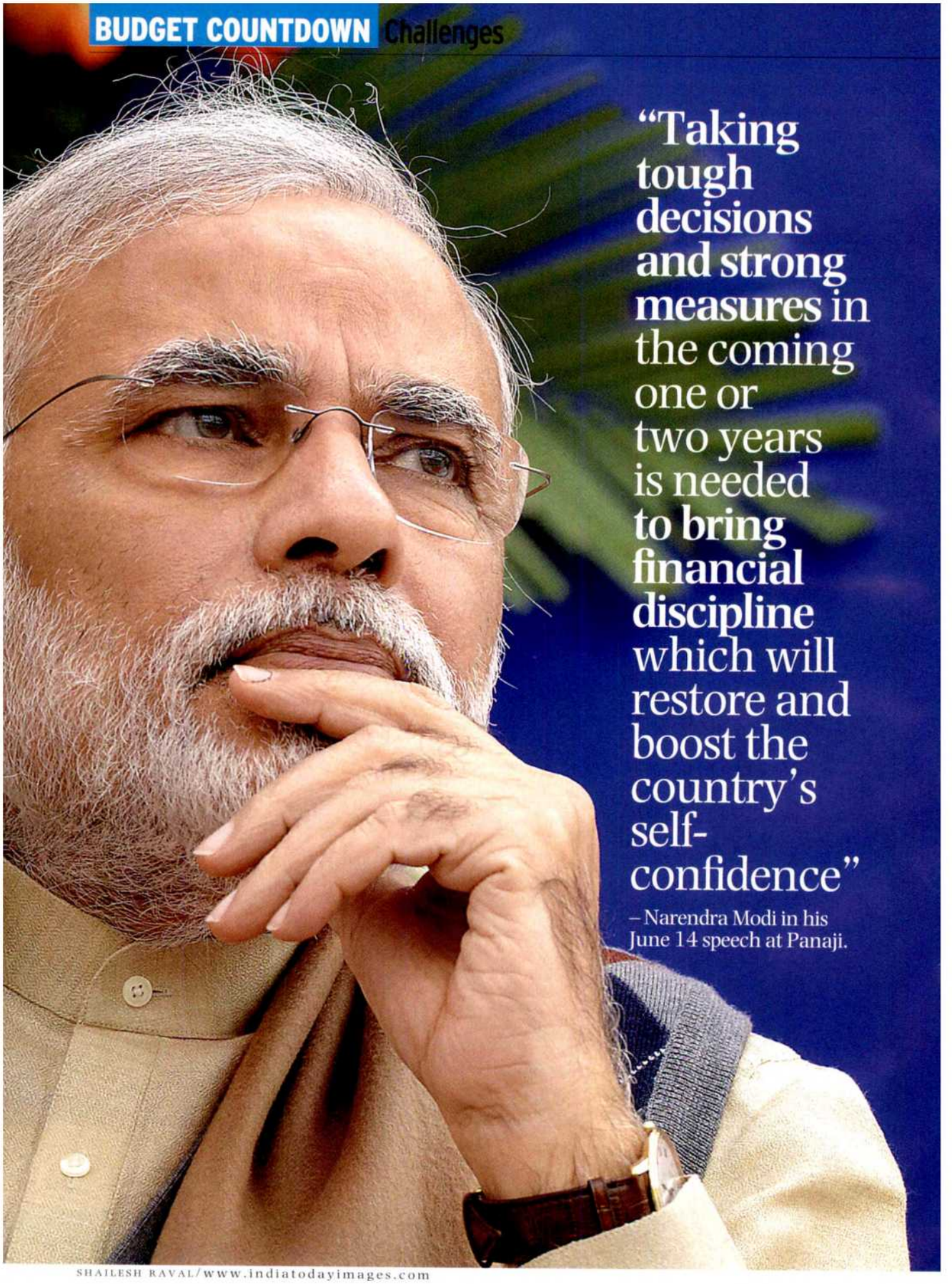


"Taking tough decisions and strong measures in the coming one or two years is needed to bring financial discipline which will restore and boost the country's self-confidence"

– Narendra Modi in his June 14 speech at Panaji.

SHAILESH RAVAL/www.indiatodayimages.com

A TIGHTROPE WALK

The Modi government's first Budget will need to balance economic realities and the politics of hope that orchestrated the NDA's historic win.

BY SHWETA PUNJ, MANU KAUSHIK and ANILESH MAHAJAN

There have been only two chief ministers in the recent past who could speak for all departments of their state in meetings with the Finance Commission, recount senior bureaucrats – former chief minister of Bihar, Lalu Prasad Yadav, and Narendra Damodardas Modi, former chief minister of Gujarat and now prime minister. "Modi in particular remembered everything about every department. He articulated their issues much better than the head of the department concerned, including state ministers," says a former member of the 11th and 12th Finance Commissions.

Not surprisingly then, the prime minister is closely tracking the Budget-making exercise this year. Indeed, this Budget season, New Delhi wears a different look with its dramatically altered power centres. The frenzy of Budget accounting and planning is now divided between North Block (which houses the finance ministry) and South Block (where the Prime Minister's Office is located) on Raisina Hill, which offers a panoramic view of Lutyens' Delhi.

Recommendations and suggestions have been sought from industry groups and economists. The minutes of the pre-Budget meetings between Finance Minister Arun Jaitley and various groups, being held at North Block, are being diligently forwarded to the PMO. The hands-on approach by the PMO has meant that ministers traditionally deeply involved in Budget making are free to travel on official engagements, while bureaucrats have been told to postpone all trips and information is being made available to them on a need-to-know-basis. A case-in-point is the Minister of State for Finance, Nirmala Sitharaman, travelling to China while the Budget-making exercise was on in full swing.

Budget 2014 will perhaps be the most challenging task the Modi-led government will undertake this financial year. Most investors have been waiting for the new government to lay down an economic roadmap for the country.

Clearly, the government is faced with the gigantic task of kick-starting the economy. Factory output slipped into negative territory in 2013/14, subsidies have soared in the past 10 years and the fiscal deficit is high at 4.5 per cent of gross domestic product (GDP). In the interim Budget in February, the then finance minister P. Chidambaram had optimistically set a fiscal deficit target of 4.1 per cent for 2014/15. But economists feel Chidambaram might have underestimated the fiscal deficit by a percentage point.

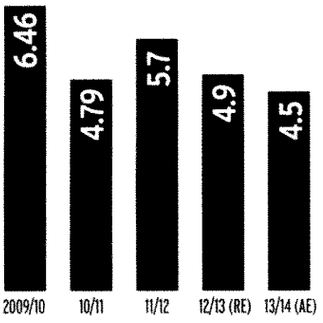
"We think there could be 20 per cent rationalisation of subsidies across the board which would result in savings of around ₹50,000 crore. I know that 20 per cent is high but this is a year of possibilities," says Chandrajit Banerjee, Director General of the Confederation of Indian Industry. He has 'realistic expectations' from the government. The list of demands by industry associations is long but there is recognition that the government is severely constricted fiscally.

From a fiscal point of view, it is evident that some tough measures will be required for India to get back to the roadmap laid down by the Fiscal Responsibility and Budget Management Act (FRBM). The United

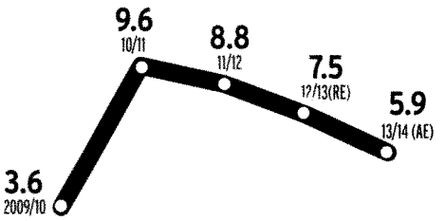
TAXING INHERITANCE

The UPA government has left the economy in the lurch with high subsidies, inflation and fiscal deficit

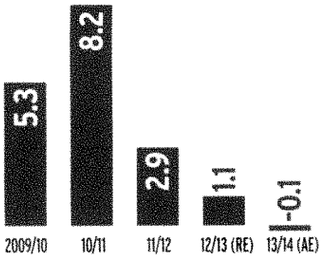
FISCAL DEFICIT (% of GDP)



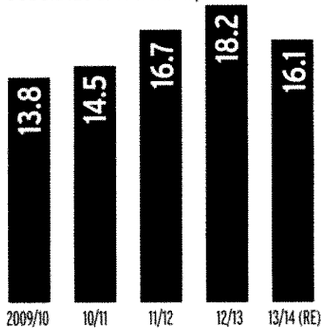
RATE OF INFLATION (WPI average in %)



IIP GROWTH (annual in %)



SUBSIDIES as % of total expenditure



Source: Planning Commission, MOSPI
AE - Advance Estimates RE - Revised Estimates

Progressive Alliance (UPA) government had shown blatant disregard for the FRBM guidelines that required the fiscal deficit to be capped at three per cent of GDP by 2008/09 and eliminating the revenue deficit, which currently hovers around three per cent. "During the 2008 crisis, India could not calibrate what it was doing. Other countries were cleverer, but India announced a stimulus without any limit. On the fiscal side, farm loan waivers were announced and spending on the rural job guarantee programme nearly doubled. On the monetary side, the repo rate was slashed from 8.75 per cent to 4.25 per cent within seven months," says an economist on condition of anonymity. Fiscal consolidation will be at the core of this Budget and the government will have to come up with a medium-term fiscal plan, he adds.

What could this fiscal consolidation plan entail? Modi has already emphasised the need to take tough steps. The rail fare hike, a fiscally prudent and unpopular move, is a step in that direction. This could be followed by increasing some of the remaining administered prices of fuels – diesel, kerosene and cooking gas. There would be a concerted attempt for better targeting of subsidies to reduce them to about one per cent of GDP from about 2.5 per cent now. But there is unlikely to be any explicit announcement in this regard in the Budget. The unanimous consensus among economists is that decontrolling fuel pricing will have to happen for fiscal consolidation.

The Independent Evaluation Office, an IMF department, has recommended scrapping of the Planning Commission, its redundancy highlighted by its non-involvement in the Budget-making exercise. A recast of the role of the commission could very well be on the agenda, which would involve more direct transfers to states. States have an average capital surplus of nearly 1.7 per cent of GDP parked with the Reserve Bank of India in cash and government securities. Inducing states to spend on capital expenditure could form the cornerstone of Modi's fiscal federalism stance that he has articulated on several occasions.

Considering that the Centre's own finances are in a mess and the need to increase spends on capital expenditure is paramount, this could be one of the few options available. Others include an increased focus on disinvestment. A Securities and Exchange Board of India directive, issued weeks before the Budget, asks for a minimum 25 per cent public holding in all listed PSUs. "This year they should target ₹100,000 crore through disinvestment," says a senior economist.

Foreign direct investment (FDI) could be another option to raise capital, but there are growing voices of dissent on how much and in which sectors. RSS leaders told *Business Today* that in several informal discussions with the finance minister they have shared their concerns over FDI in defence and manufacturing. The government is considering increasing the FDI cap in the defence sector to 49 per cent from the existing 26 per cent, and, in certain cases, to 51 per cent.

Meanwhile, to deliver on its tall agenda of introducing bullet trains and building information highways and smart cities, the government will look at a combination of public-private partnerships and FDI.

CHALLENGES AHEAD

POOR MONSOON: Drought-like situation in June and **scanty rainfall** in the next three months could increase inflation.

Against all odds: Finance Minister Arun Jaitley

PARVEEN NEGI

WHAT THE FM CAN DO

- Chalk out a fiscal consolidation plan
- Increase focus on disinvestment
- Lay down a clear roadmap on GST
- Set up a mechanism to fund infrastructure projects
- Ensure better targeting of subsidies
- Announce a health assurance scheme

Top bureaucrats indicate that a Memorandum of Understanding (MoU) with the Japanese government is expected during Modi's visit to Japan after the Budget. "Japanese banks are also ready to finance but the finer details will be finalised after the Budget," says a bureaucrat.

"Investors today have a positive attitude towards India as a destination, but people are keeping their fingers crossed. The Budget would be a key event to know which way the government is moving," says Tim Lisevich, MD of Canada-based BMO Capital Markets.

Retrospective tax amendments of Section 9 of the Income Tax Act, announced by former finance minister and current President Pranab Mukherjee in the 2012 Budget, continue to haunt investors. Representatives from Nokia and Vodafone met Finance Minister Jaitley, seeking clarity on the issue. Section 9 of the Income Tax Act deals with tax on offshore mergers and acquisitions with assets in India. It is likely to continue, but may only be applicable prospectively.

'Ending Tax Terrorism', a promise made by Modi in his election speeches, will be top priority for the government that seeks to enhance ease of doing business in India. The finance minister might come out with an amnesty scheme to end the several tax dispute cases at the tribunal level. It will encourage assessees to voluntarily come forward and pay their tax dues. In return, there is likely to be a waiver of interest and penalty/prosecution. "If you go by data, most decisions in these tax disputes come in five to seven years. Recently the CAG (Comptroller and Auditor General) did a study and found that the government only wins 20 per cent of such cases. This means there is some problem in these tax demands," says Vivek Mishra, Leader, Tax Practice, at PwC India. There are roughly 260,000 disputes for an aggregate tax demand of ₹4.37 lakh crore, according to the finance ministry. Out of them, 223,000 cases are still pending with tribunals and the disputed amount is a staggering ₹3.84 lakh crore. "It will unlock money for the government and also allow it to improve the environment for business," says a former revenue secretary.

Recapitalisation of banks could also be high on the priority list of the government. Stressed assets of Indian banks amount to 10 per cent of total bank loans. According to Reserve Bank of India (RBI) estimates, the total quantum of stressed assets, that includes non-performing assets, is about ₹10,00,000 crore.

There is a possibility that the government might set up a fund that buys out stressed assets of banks, freeing them up to lend. The UPA government had allocated ₹11,000 crore for bank recapitalisation in the interim Budget for 2014/15, lower than the ₹14,000 crore in 2013/14 and further allocations are unlikely in the revised 2014/15 Budget. State-owned banks could be encouraged to raise capital from the equity markets. Some 86 per cent of NPAs are with state-owned banks.

A clear roadmap on the Goods and Services Tax (GST) is expected to be presented in the Budget. There is also an expectation that the Modi government could compensate states for the losses incurred on implementing GST – Chidambaram had also compensated states in 2004 for revenue losses after switching over to value added tax. However, this

IRAQ CRISIS: Global crude oil price of the Indian basket has gone up by about four per cent in June. **High crude oil prices significantly affect the fiscal deficit** given that India imports around 80 per cent of its oil requirements

Time to Deliver: Nirmala Sitharaman Minister of State for Finance

Budget is unlikely to account for the compensation costs.

Several top bureaucrats say the PMO is keenly pushing for a national health assurance scheme in the first Budget itself. The new scheme, a bureaucrat says, is designed to focus on wellness of citizens (this scheme will have a cap based on household income). "This scheme is close to the PM's heart. This will provide universal health care, which is not only accessible but also affordable," says a bureaucrat. It is expected that this new scheme will be integrated with the National Rural Health Mission. This was one of the poll promises of the BJP. There are several BJP-run states which are already running similar schemes. Modi had also started two schemes in Gujarat on these lines.

On the possible impact of El-Nino on India's farm sector, Anand Mahindra, Chairman and Managing Director of automobile giant Mahindra and Mahindra, had recently wondered on social media whether India could 'weather-proof its economy'. Irrigation and better water management have often been showcased by Modi as among his stellar accomplishments in his home state, and in all likelihood will find prominence in the Budget. "Many regions in the country have a shortage of water. It is well known that drip and canal irrigation significantly improves productivity. It is likely more funds will be allocated to these two areas," says Ajay Shriram, Chairman and Senior MD, DCM Shriram, a diversified business group with interests in agriculture.

> "The economic situation in this country demands that **more jobs be provided for the young, talented,** well-educated and even the semi-skilled and unskilled people of India"

Usually governments tend to go into silent mode before the Budget. But the Modi administration, while quick to issue a gag order to ministers and bureaucrats, has effectively used media to issue clarifications on policies and to spell out its broad policy direction in the weeks leading to the Budget. In a hurriedly called press conference outside North Block, Finance Minister Jaitley announced that excise duty relief for auto makers will be extended till December 31. The relief was to lapse at the end of June. A rail fare hike was also announced nearly a month before the Budget, and indications that defence would be opened up to FDI were given even before the government was formed. It's apparent that there will be a increase in Budgetary allocation for the defence sector from 1.73 per cent of GDP. Rahul Chaudhry of Tata Power SED, a company involved in defence production, is hopeful that FDI will lead to the much-needed modernisation of the defence sector. "Increasing capital spending, or putting a cap on revenue spending can strengthen and modernise the defence forces," says Chaudhry.

Meanwhile, Modi nearly complained in his letter on the completion of first 30 days of the NDA government that allegations against him began in the first 100 hours of taking office. "Every new Government has something that friends in the media like to call a 'honeymoon period' ... Not unexpectedly I don't have any such luxury," he wrote.

While Modi is aware that he does not have the luxury of time, he is also making sure that his team of ministers clock in the hours. He is known to call his ministers on their landline first to check if they are in office. Modi is also known to make surprise visits to the offices of his staff. Every effort is being made to ensure accessibility and accountability in the operations of ministries. Whether the Budget too will reflect some of that commitment remains to be seen. ◆

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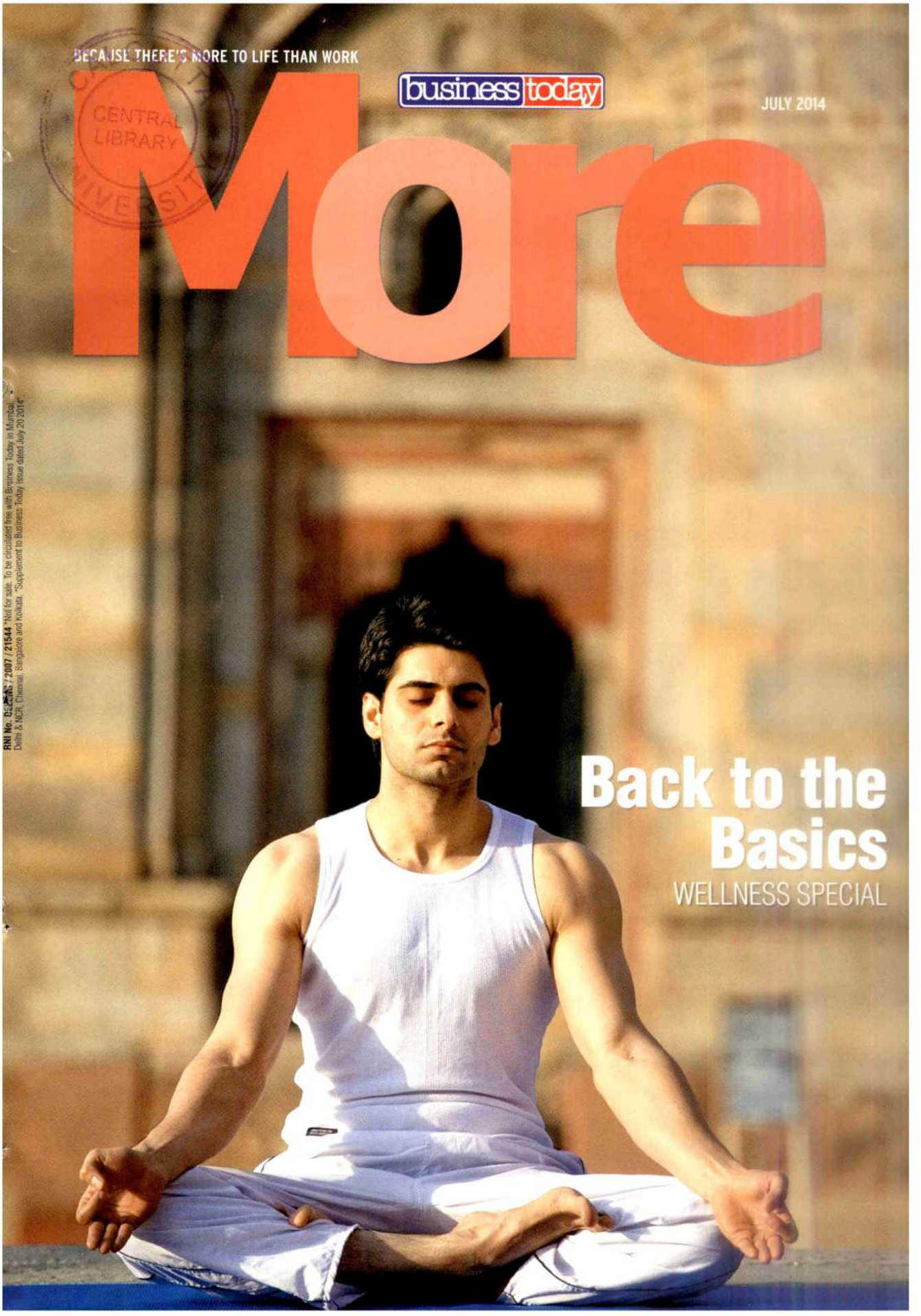

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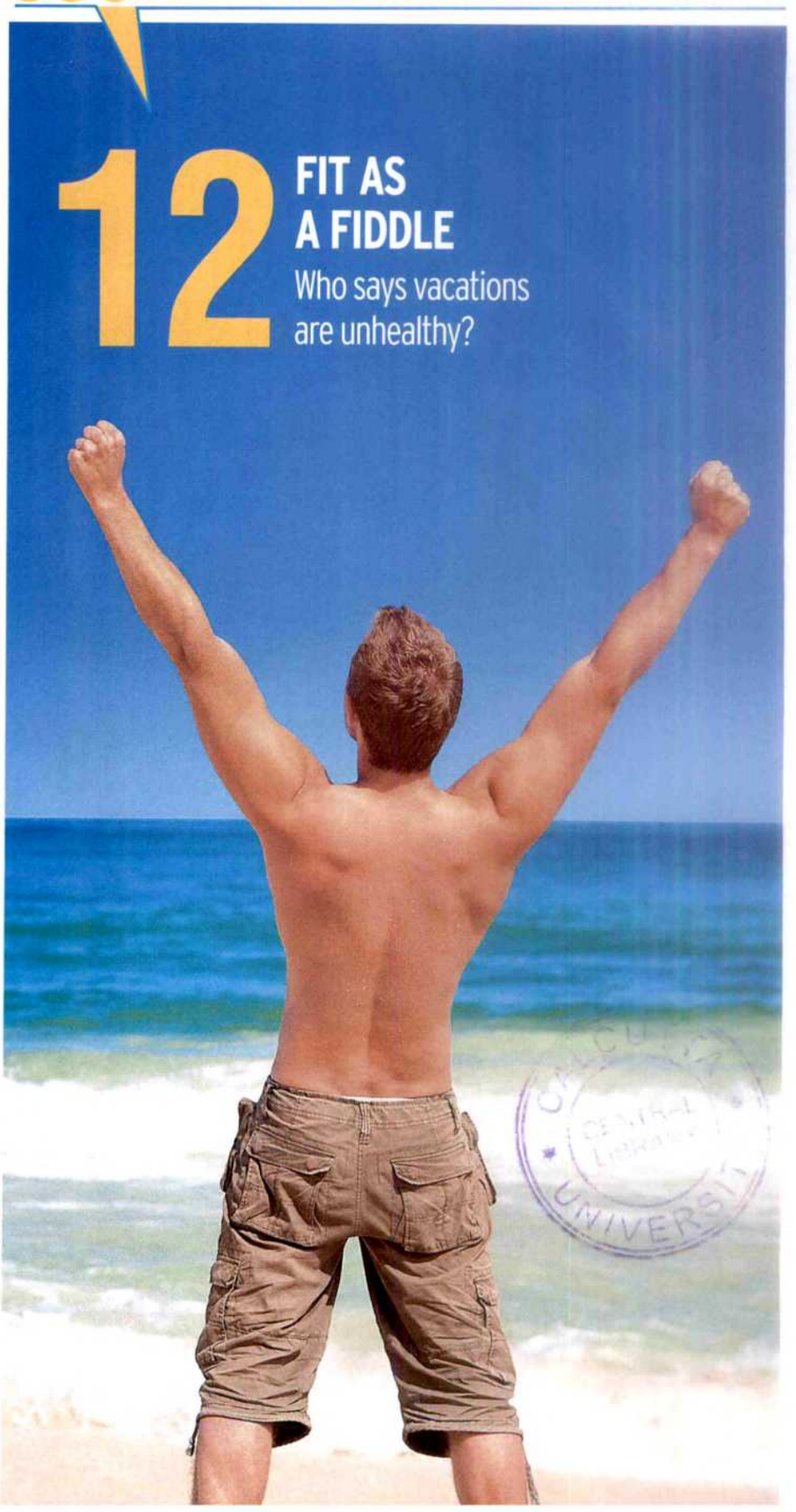

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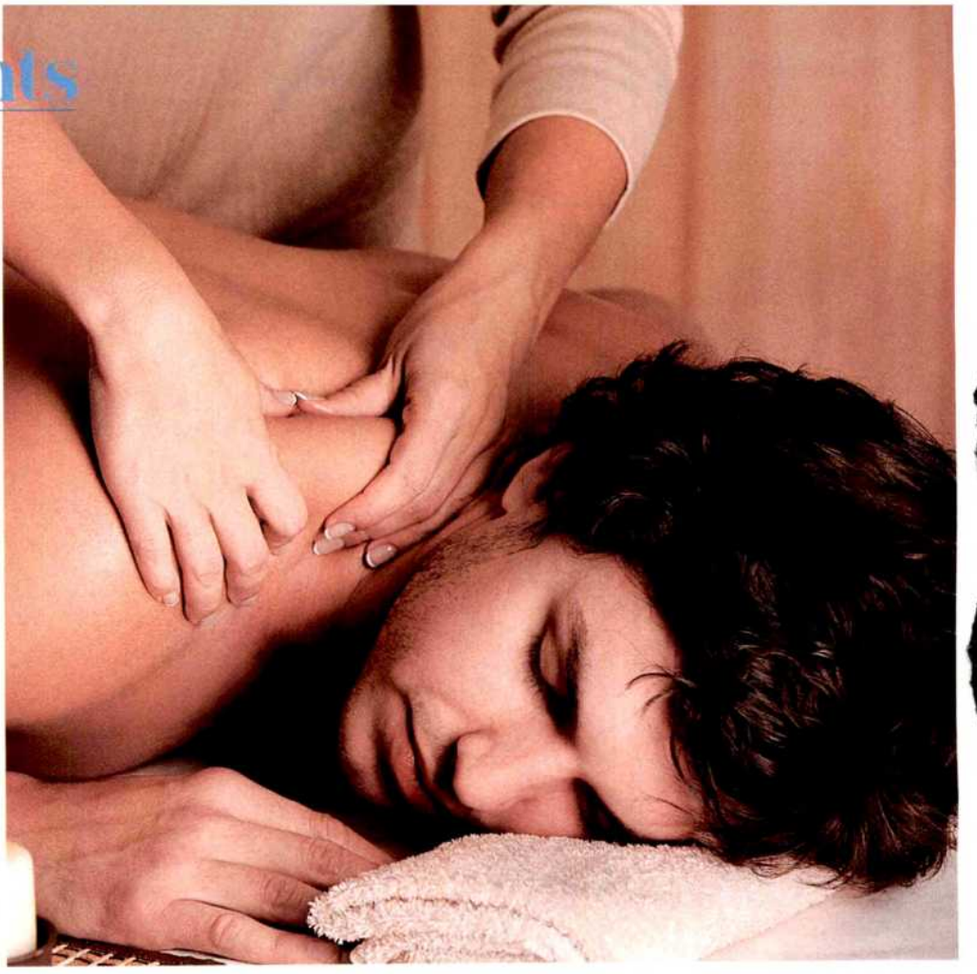

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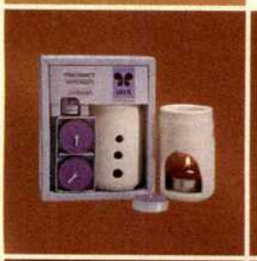

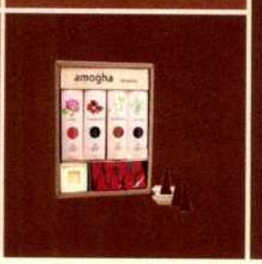

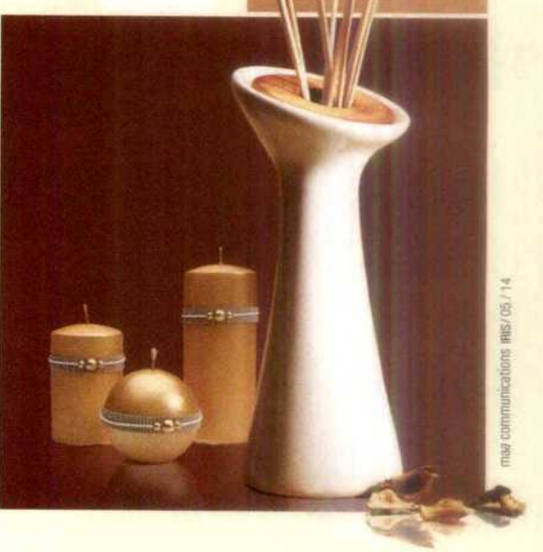

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Arty Facts

Art curator Andy Fairgrieve shares tips on how to choose the right art pieces through instinct, and not by price tag.

GO WITH YOUR GUT FEELING

Examining and buying art is an introspective process where you need to be true to yourself. Judge your motivations at length – don't pick up an artwork simply because of its exorbitant price tag. Appreciation is subjective, and learning to respect your instincts and perceptions with regard to a piece could be your guiding light.

CULTIVATE YOUR TASTE

After buying that first piece of art, explore further, discover new artists, head to galleries – don't let up in the quest for artistic excellence. Exposure to new trends and artists enable fine-tuning of your aesthetic senses. Chances are, you will be more confident while making your next big art purchase. Making a decision at this point is critical – should you stick to one particular artist or explore works across genres?

ART PERSONA

Art is reflective of your persona, and a commitment to one artist is indicative of a personality that treasures organisation above all else. On the other hand, the trajectories of emotions drawn from the distinctive styles of different artists appeal to discrete facets of a relatively more complex person. Works of art spanning mediums, genres and levels of accomplishment make for a truly eclectic collection that you can be proud of.

HOME IS WHERE THE ART IS

Art interacts with the architectural elements and decor of your house to turn it into a home. In this regard, the display of artwork needs vision and planning. For instance, a contemplative piece of work is best displayed prominently on a vast expanse of a wall. Paintings should not be exposed to harsh, natural light that can affect their quality. Fragile, smaller artworks can add a dash of edginess to well-furnished rooms. Avoid putting these up in a stairwell, where there is a possibility of brushing against them.

Andy Fairgrieve was in the city for the Glenfiddich Artists-in-Residence programme

4 bags every man needs

Briefcase

Don't head to work without one of these, unless it's a Friday. Ditch the archaic boxy, black version for luxurious leather tans and browns with innumerable compartments. Pair with suave formals.

Messenger/Newsboy

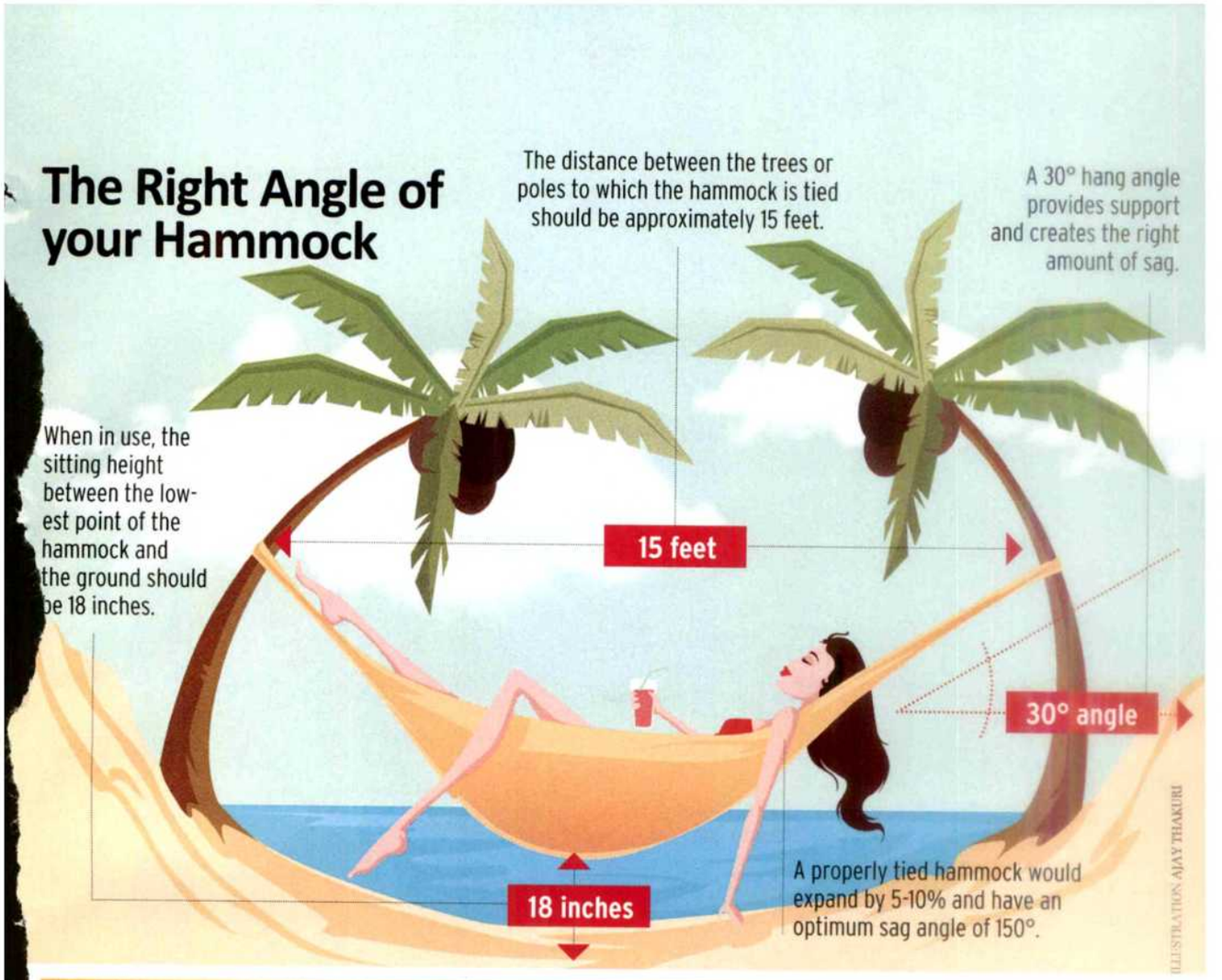
These roomy bags complement laidback Friday dressing. Convey loads of oomph and uptown sophistication with these low-slung, slouchy canvas bags. Pair with sleek street clothes.

Holdall/Duffel

Classy and practical, this one's perfect if you have to dash straight from the airport to a meeting but don't want to be caught with a scruffy strolley. Pair with business casual attire.

Padfolio

Move aside, bulky bags. Laptop and iPad sleeves are the new cool. These minimalistic bags in vintage leather and snazzy prints are perfect for mid-day meetings. Pair with sharp formals and semi-casuals.



Let There be Rock

WANT TO BE THE FIRST AMONG your friends to install a rock garden? This rustic arrangement can be quite charming, but keep a few things in mind before taking the big step.

LAYERING

A gentle slope that gets plenty of light is your best bet for the base of a rock garden. As the soil needs to be porous, you will have to start with excavating the chosen spot for foundation-laying purposes. Fill the drainage layer evenly with a mish-mash of hard, clunky waste – concrete, brick, clay – till the halfway mark of the trench. This, along with the next layer, absorbs the moisture from the fertile layer of topsoil. The soil layer should have one part topsoil, one part leaf mold and one part gravel.

CORE ELEMENTS

Choose rocks that blend in with your lawn and get different sizes of the same type. To make your rock garden look as natural as possible, dig at least 1/3rd of the larger, boulder-sized rocks into the ground. Scatter the rocks haphazardly.

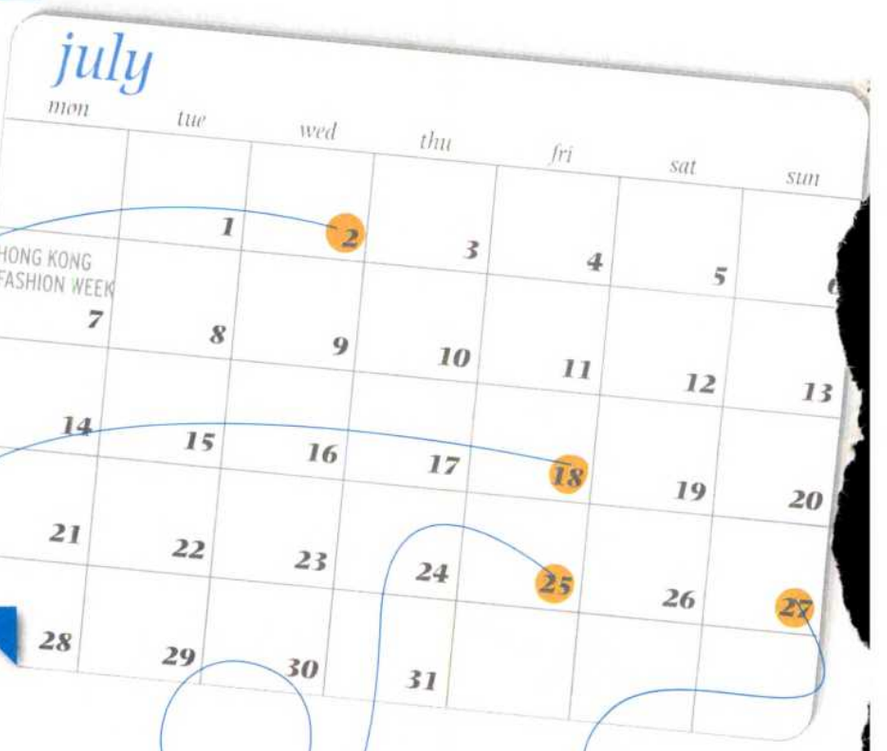
SPACE OUT PLANTING

Let the soil settle for two or more weeks before planting flowers. If any weeds appear, pull them out by hand. Also, experiment. Test the suitability of flora for your climate and soil after planting.

DESIGN

Let design drive your rock garden. Too much clutter detracts from its calming appeal, and your colour scheme should reflect the controlled minimalism.

speed dates



2-6 July

PANERAI CLASSIC YACHTS CHALLENGE, ITALY

Now in its 11th year, the Panerai Classic Yacht Challenge, being held in Naples for the first time, is widely considered as the leading international circuit for vintage and classic sailing yachts. With Naples' legendary bay as the venue, you can expect some of the most celebrated yachts sail down for the challenge. Marking the second stage of Panerai's yacht competition, this five day challenge promises lots of thrills and excitement and some stunning yachts to boot. Visit panerai-classicyachtschallenge.com.

18-20 July

FORMULA ONE GERMAN GRAND PRIX, GERMANY

One of the most talked about races in the world, the German edition of the Formula 1 Grand Prix is as exciting as it gets. First held in the year 1970, this race covers a distance of 306.458 km with a circuit length of 4.574 km and 67 laps.

Not to forget, you can catch some of the best racers live in action. Visit formula1.com for further information.

25-26 July

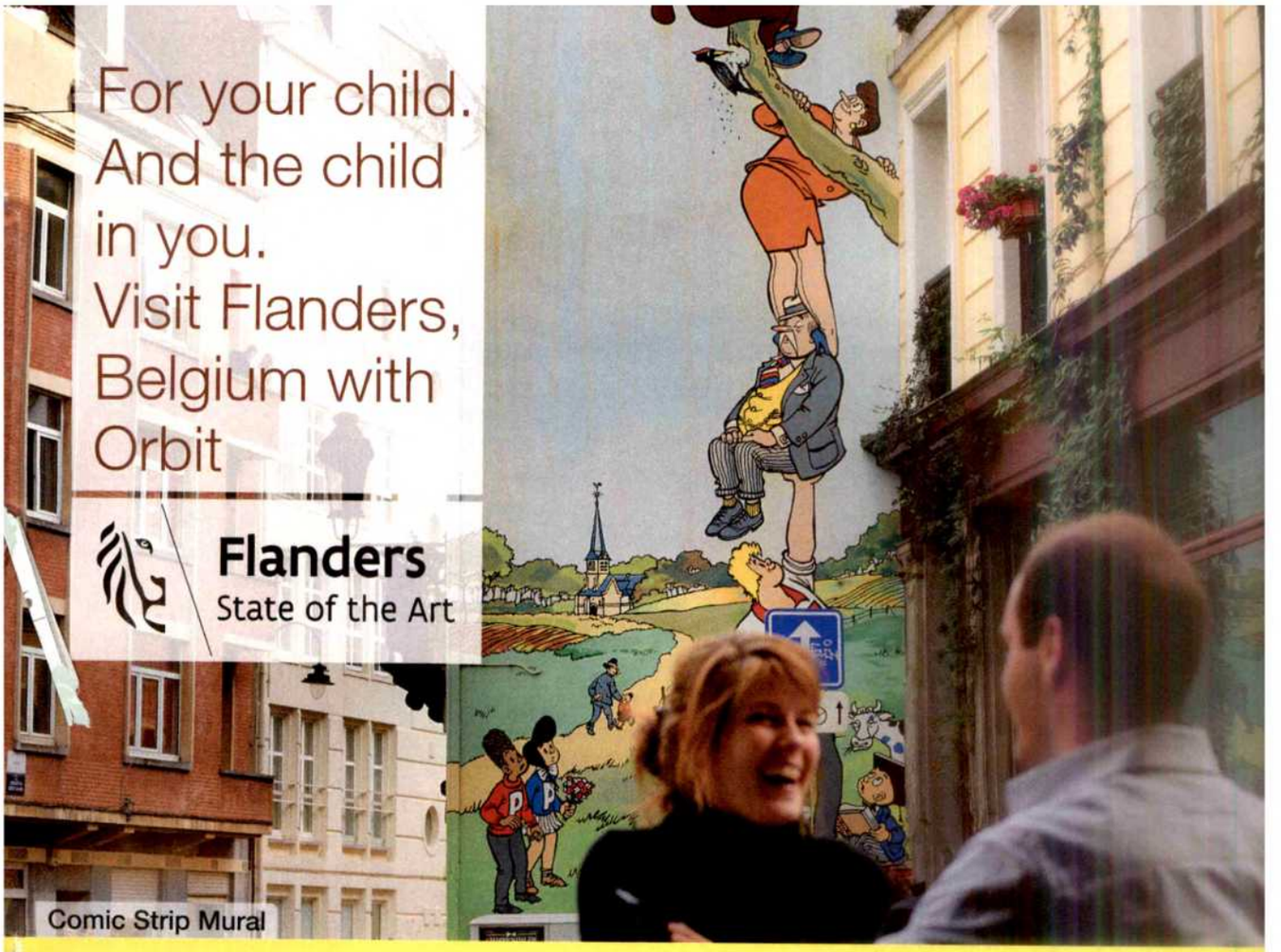
THE ELITE LONDON, LONDON, UNITED KINGDOM

An exclusive showcase of luxury yachts, planes and automobiles, The Elite London is a reputed exhibition bringing together the finest brands under air, land and marine luxury from across the globe. One of the most prominent lifestyle events summer, it is not to be missed by any luxury enthusiast. theeliteevents.com

25-27 July

INTERNATIONAL PINOT NOIR CELEBRATION, USA

Whether you're a wine lover or not, you'd certainly know about Pinot Noir, one of the most premium red wines in the world. In its 28th year, this three day celebration that includes sessions on Pinot Noir and wine pairing, is the mecca for all wine lovers. For more, visit ipnc.org.



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PLANE RELIEF

Suffer no more! Swiss International Airlines has revamped its services to become the world's first 'allergy-friendly' carrier

This is a scenario you will never face on the Swiss International Airlines ▲

ARE YOU AMONG THOSE WHO start sneezing uncontrollably everytime the flight attendant steps out to spray the cabin with air freshener? In that case, Swiss International Airlines is your best bet in the skies. Well on its way to becoming the world's first certified 'allergy-friendly airline', the carrier has announced that it will begin rolling out new products and services to improve the flying experience for allergy sufferers. The resultant modifications will extend from the inflight menu to the atmosphere in the cabin. Going as far as to acquire a certification from the European Centre for Allergy Research Foundation, it has offered travellers the option of requesting gluten-free snacks and meals, besides lactose-free alternatives. First and business class passengers will be offered pillows stuffed with an anti-allergic synthetic material, and decorative flowers and air fresheners are likely to be shown the cabin hatch. Want more? Flight attendants will be on standby, just in case you do come down with something.

THE CALL OF ADVENTURE

With fitness-themed travel becoming all the rage with tourists, Reebok has teamed up with Austin Adventures to create a set of holiday packages bustling with high-intensity, outdoor activities. To be launched this summer in Montana, Reebok Fitness Vacations by Austin Adventures will take tourists on scenic bike rides and river rafting expeditions to locations as varied as Big Sky, Yellowstone and Paradise Alley. During the course of these trips, guests can expect to scale steep peaks, climb stairs to waterfall lookouts, drink in the fresh air while trekking through dense forests, and indulge in some serious whitewater paddling. The summer schedule begins with two week-long trips scheduled for July and August in Montana, and prices start from $2,500 (₹1.5 lakh approx).

WHEN LUXURY TAKES WING

Etihad Airways has redefined luxury travel with the launch of a new three-room apartment that comes with an en-suite shower, double bed and a personal butler. Called 'The Residence,' Etihad has transformed part of its A380 upper deck into a luxurious flying hotel suite that offers a trio of compartments, including living room space, a bedroom and an en-suite bathroom. A personal butler caters to every whim of its guests, while a concierge team ensures a smooth travel experience for passengers - right from ground transport to cuisine and amenities.

NOW, TAKE IT LYING DOWN

Taking on 'luxury sofas' brought out by competitors, Air France has unveiled its new haute couture first class section in Shanghai – complete with a seat that reclines into a 2.01-metre bed. This move is seen as the probable start of an international luxury seating race to win over Asia's rising number of high fliers. As many as 76 of the seats will be fitted into the airline's 19 Boeing 777-300 jets, at a cost of €50 million. At present, Singapore Airlines boasts of the most spacious first class seat – at 2.08 metres.

JAPAN'S FOOTBATH EXPRESS

How do people in Japan unwind when they get home weary after work? You guessed it – a comforting footbath that soothes the nerves and washes away the blues of an otherwise tedious day. Taking this concept further along the track, the country's bullet trains will soon offer passengers a chance to soothe their tired feet in a carriage fully equipped with footbaths. The East Japan Railway Company has decided to launch the

One carriage on each Toreiyu is equipped with two window-facing 2.4-metre-long tubs ▲

service in July, with one carriage on each such bullet train installed with two window-facing 2.4-metre-long tubs. These trains, called Toreiyu – a combination of the English word 'water' with the French 'soleil' (meaning sunshine) and the Japanese term 'yu' (hot water), will also boast of a special car with a bar counter, tatami-mat flooring and tables made of cherrywood. Feel like a train ride, anyone?

PRIVATE JET FOR FOUR SEASONS

Toronto-based Four Seasons will soon launch the hotel industry's first fully branded private jet – giving its guests yet another means of flying from one property to another. Slated to be put into service by February 2015, the Four Seasons Jet is a retrofitted Boeing 757 completely refurbished by the hotel group's designers. While an aircraft in this category can seat as many as 233 passengers, only 52 will be accommodated on the Four Seasons service. The group has assured patrons that the standard of service in the air will be as high as those offered in its properties on the ground. Additional comforts will include fully reclining leather seats, on-board Wi-Fi, and a professional photographer to ensure that the best moments are recorded.

APP CORNER

JetLag Genie

Price ₹200 (iOS)

Sometimes, you do need a genie to help you with jetlag. Gradually altering your sleeping habits before a trip is definitely beneficial, and this app will help you do just that. Input your travel dates, destination and usual sleeping times, and its personalised alarm clocks will soften the blow when you wake up on Tuesday afternoon – convinced that it's still Monday morning.

Bust that Veggie Myth

Planning to turn vegetarian for health or sentimental reasons? Either way, here are some common assumptions about the veggie diet that may require a second look.

Switching to a vegetarian diet can actually be quite an energising experience ▲

Can you get enough protein from vegetables?
Yes. Despite popular perception, meat doesn't have a monopoly over protein. For example, half a cup of beans has nearly the same amount of protein as one ounce of meat. To get all your essential amino acids, focus on eating a variety of protein-packed plants – including lentils, beans, nuts, seeds, and milk (almond works if you're cutting out dairy).

Vegetarians are always hungry, aren't they?
No. If you're hungry on a no-meat diet, you are probably not getting enough fibre, fat or protein. Stomach still grumbling after a meal? Try gobbling some energy-filled nuts.

Does turning vegetarian guarantee weight loss?
Not really. Not all vegetarians are slim (or healthy, for that matter). According to experts, eliminating meat from your diet will not help – especially if you continue to eat highly processed foods and, in the bargain, shun the benefits of a plant-based diet. So, if you are going to push out meat from your diet, make sure that greens – not processed junk – take its place.

Won't a veggie diet sap your energy?
Again, no. Some experts feel that switching to a vegetarian diet actually gives you more energy, especially if you cut out processed foods. If you feel your energy levels dropping, you probably aren't getting enough vitamin B12 or iron – an issue that can be resolved by the consumption of spinach, lentils, chickpeas, beans and dairy products.

Boring, did anybody say?
Come off it! As long as you don't confine yourself to the same old "just-a-salad-for-me routine", things will turn out just fine. There are hundreds of different kinds of vegetables, and they are all pretty much open to culinary experimentation.

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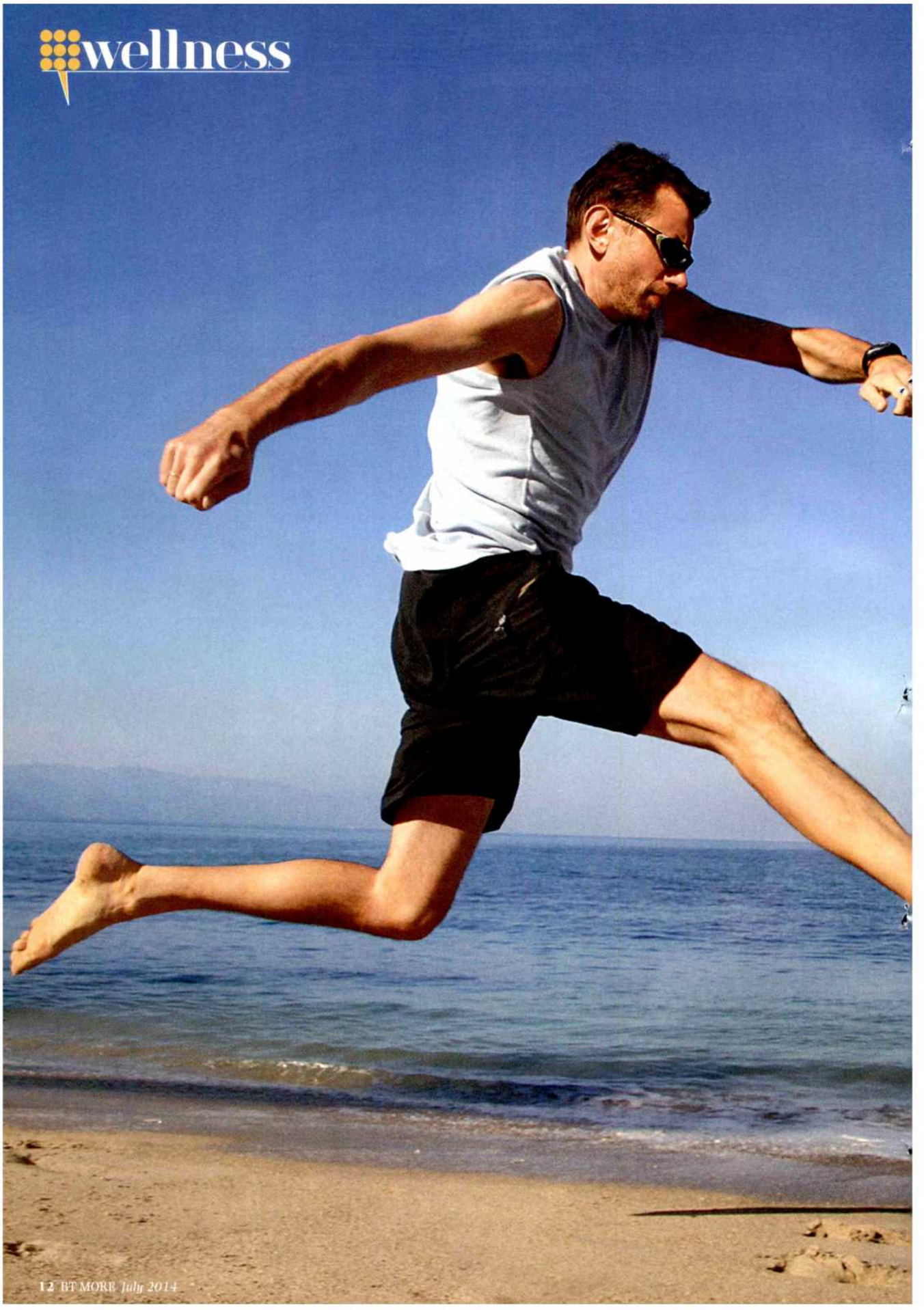

Fit to Holiday

Don't want your vacation to mess with your body shape? Experts tell you how to have an ab-tastic holiday instead!

BY SAURAV BHANOT

GOING ON A VACATION WITH YOUR SIX-PACK INTACT IS EASY; coming back with the same is quite a task! Irrespective of whether you're a fitness fanatic, weight gain post a holiday isn't an alien concept. You're in the mood to indulge, a gym isn't handy at all times and the exciting food options, parties and lazing around only make it easier for you to go offtrack. We have all come back from these 'heavy holidays' looking like a tired, overweight and fatigued version of our previous selves, and then struggled to get back to our pre-holiday shape. Yes, a holiday should be about having fun and exploring your taste buds, but coming back with extra kilos isn't a good thing either. After all, a great holiday is one that doesn't make you pay later for all your 'sins'!

Now, even if your hotel is kitted out with a fancy gym, chances are that you won't feel like using it while on vacation. The trick, therefore, lies in smart food choices and quick workouts that won't spoil your holiday fun. Presenting some easy-to-follow nutrition guidelines as well as body weight and yoga workouts that can be performed without any equipment, in the luxury of your hotel room!

Food

A healthy body is a lot about what you eat, and six-pack abs are actually made in the kitchen. When holidaying, our natural instinct is to go all-out on local cuisines, drink the best wine and indulge in the most sinful desserts, all this while lazing by the pool or beach. Nutritionist Suman Agarwal tells you how to eat smart and look good!

"You don't have to fret about gaining weight while holidaying as long as you make smart food choices!"

-Suman Agarwal

- Start your day with a heavy but healthy breakfast to fuel your entire day.
- Include carbs in your lunch as you need energy to last the day.
- For mid-meal snacking, opt for fruits and roasted nuts over packed food items such as chips and biscuits.
- Go for skimmed over regular coffee.
- For dinner, avoid having carbs as much as possible!
- No matter what you eat, make sure you include protein (milk, dal, sprouts, chicken, fish, etc) in your meal.
- Avoid extra servings of carbs such as breads, roti and rice.
- Eat every 2-3 hours, and don't skip meals.
- Choose your restaurants in advance. This prevents binging on junk due to lack of choices.
- Have alcohol only at night. Drinking during the day drains your energy. Don't overindulge in alcohol and caffeine. Have lots of water, though.

Avoid foods that are...

- **Buttery or buttered**
- **Basted**
- **Creamed, in gravy**
- **Fried, French fried, crispy**
- **Rich**
- **Au gratin, or in cheese sauce**

Look for the ones...

- **Stir-fried (less oil)**
- **Steamed**
- **Garden fresh**
- **Poached**
- **Au jus (in its own juices)**
- **Raw**

Exercise

While most hotels and resorts are equipped with high-tech gyms, you don't find many guests working out there. For those who consider gymming while on vacation a bother, Adidas India consultant and fitness expert Vesna Jacob recommends five exercises that you can do in the comfort of your room, without any extra equipment.

> The routine given here uses the principles of High-Intensity Interval Training, which will work on your cardiovascular ability and tone all major muscles.
>
> *-Vesna Jacob*

Deep Squats with Jumps

Start in the deep squat position - legs shoulder width apart with feet parallel - and lower your bottom all the way down to the floor, so the hamstrings are parallel to the floor. Stretch your arms and touch the floor. In this position, inhale, squeeze your glutes, engage your core and jump as high as you can, while reaching up with your arms. Do as many as you can for 20 seconds and rest for 10.

Lunge Runs

Start from the basic lunge position - knees bent, right leg in front of the left and weight equally distributed between the legs - and lower yourself with arms bent at the elbows with the opposite arm (left) in front. Quickly, change the position, getting the other leg in front. While doing this swap, make sure to stay low and not jump up stretching your legs. Change positions. Do as many as you can in 20 seconds and rest for 10.

Wall Mountain Climbers

Place your hands on the wall, keeping the fingers in line with the shoulders while your hands are slightly turned in. Move your feet as far back as your strength allows you. Bend the elbows to the point that you are comfortable. The body should be in a straight line with the core engaged, and your heels slightly off the ground. Now push into the wall and start running while maintaining the pressure. Run for 20 seconds and rest for 10.

Ball to Boat

Start in the ball position, with your back rounded, hands on the ankles, chin resting on chest, and inhale. As you exhale, extend your arms above your head and stretch your legs in front of you so that the outline of your body resembles a boat. Bring your body back to the starting position while inhaling. Ensure your tail bone is tucked in and your back is slightly rounded. Do as many reps as you can for 20 seconds and rest for 10.

Pushups with Jumps

Get into the basic push up position with wrists right below the shoulders, body in the straight line with the core engaged. Make sure not to "sink" through your shoulder blades and hips. Do ten pushups and then do five jumps back and forth. If you feel some strain in your shoulders or lower back, rest for about a minute and continue again.

wellness

Yoga

Want something that not only works your body but also soothes and relaxes your mind? Say hello to yoga! Here's ace yoga trainer and author Payal Gidwani with a routine of five asanas that will tone your body and calm your mind.

"Suryanamaskars will flush your body of toxins. They are a great total body workout!"
-Payal Gidwani

Suryanamaskar/Sun Salutation

A total body workout constituting 12 different postures, this will cleanse your entire body of toxins - working on all muscle groups. A great cardiovascular exercise, the 12 postures make one suryanamaskar. You can do anywhere between 30 and 50 of these.

Utkatasana/ Chair Pose

This is a good posture for stretching as well as strengthening your arms. It also works on your shoulders, ankles, thighs, calves and spine. It will also help those suffering from flat feet. Hold the position for a minute and repeat thrice, making sure your back is straight.

Naukasana/ Boat Pose

It targets your abdominal area and helps you get those coveted six-packs. It also works on your thigh, hip, neck and shoulder muscles. Hold onto this position for 30 seconds to a minute and repeat it thrice. Keep your stomach tucked in as much as possible.

Dhanurasana/ Bow Pose

It is a great pose for strengthening your back muscles, and improving your posture. It also works on your ankles, groin, thighs, chest and the abdomen. Hold onto the position for 30-60 seconds and repeat it thrice. Make sure to not over-exert your back.

Bhujangasana/ Cobra Pose

Apart from being an excellent stretch for your spine, chest, lungs, shoulders and abdomen, this posture also firms your buttocks and relieves stress. The perfect posture to end your workout, you can hold on to this for as long as you are comfortable.

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Korea Welcomes Summers – Beaches open from June

With the early arrival of summer, Korea is all set for offering a variety of beaches at the Donghae (east), Seohae (west) and Namhae (south) coast.

Haeundae beachin Busan, south coast is usually packed in summers with foreign visitors. The white sand is rough and sticks easily to your skin. Famous for the various cultural events and festivals held throughout the year. The Folk Square where has traditional games like neoldduigi (seesaw jumping), Korean wrestling, tuho (arrow throwing), tug-of-war and yutnori.

Songjeong Beach the ideal beach for families to swim together because of its shallow waters and fine sand.The beach also has the unique feel of southern region, making the experience all the more fun. The famous part of the Beach, Songiljeong Pavilion, gives magnificent view of the sunrise and moonrise.

According to the Director Mr. Byungsun Lee, Director Korea Tourism Organization India, other beaches are also getting ready for the season, along with the nearby lodging, dining, entertainment and recreational facilities which provide beach-goers with a clean and pleasant summer experience.

Photo Courtesy Korea Tourism Organization

Stress and the City

How many days before your lifestyle, with all its trials and tribulations, makes a complete wreck out of you? Some pointers on how you can alleviate your stress levels and live life to the fullest.

TEXT BY JIMMY JACOB

7:00 AM

It's the alarm clock, clanging its way into your subconscious. You stir a little, grope around for the object of your discomfort, and upon finding it, thump it into silence. And suddenly, you remember... **the 8.30 meeting with those UK clients!** You sit up with a start.

7:15 AM

Shower's done, and your misadventures with the razor have left you with half a dozen cuts. What could you have done, though? Time's not on your side, and you are yet to dot the i's in your powerpoint presentation.

7:20 AM

Halfway through the door, your wife reminds you that it's your turn to drop the kids to school. You implore that not getting to the meeting on time could spell doom for your career. She just gives you that look.

7:55 AM

You have just dropped the kids to school, there's barely an hour to go for the meeting, and the streets are clogged! A cold bead of sweat trickles down your nape, and you almost forget to kiss your daughter goodbye.

8:30 AM

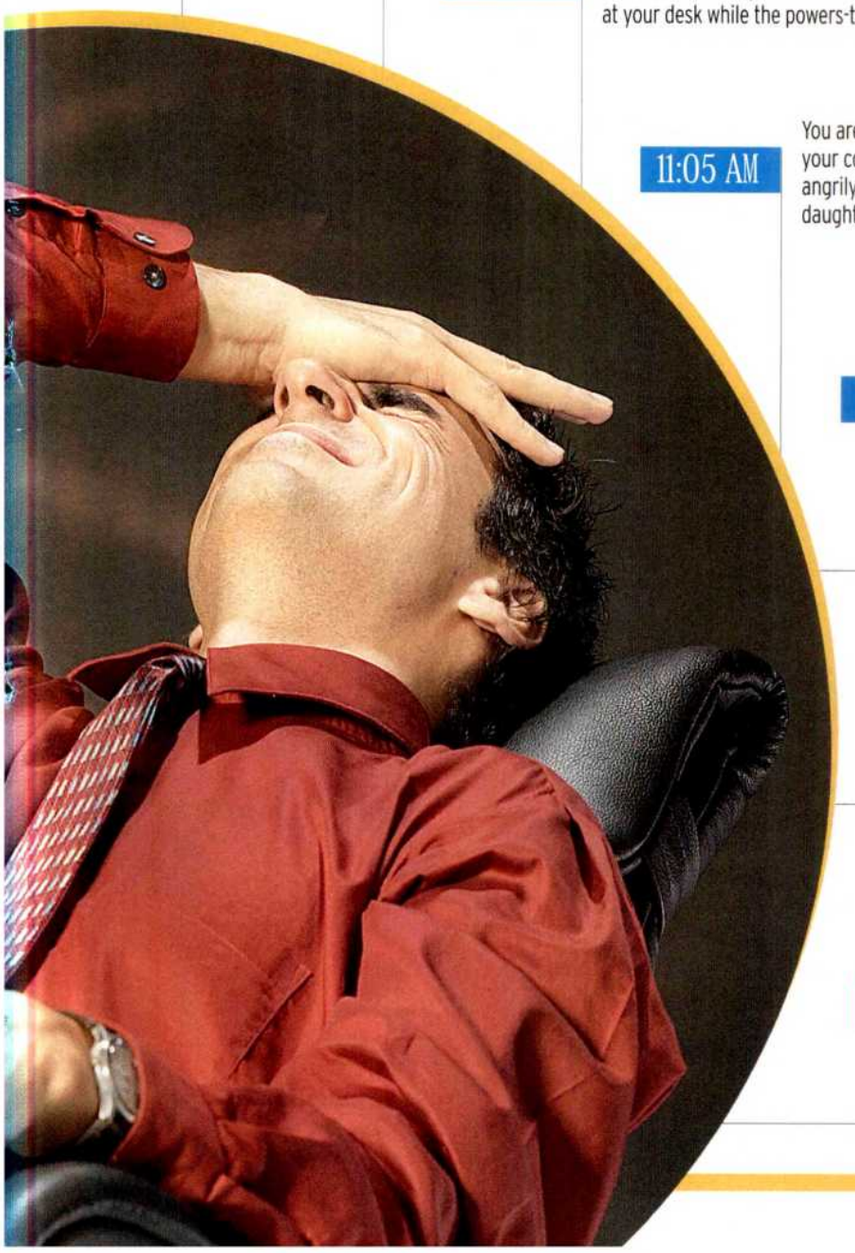
You aren't in the meeting room yet; in fact, you are still ten kilometres from it – stuck in traffic that could put a snail's pace to shame. Cursing every motorist in sight, you accidentally swerve into a car next to you. Just what you needed.

9:00 AM

In the melee that ensues, you squabble with everybody from pedestrians to motorists alike, and finally get away through the intervention of a traffic warden. You start off again, one side of your car looking like it has gone through a mangler.

9:45 AM

At work, you find the boss waiting for you, his eyes brimming over with unconcealed fury. Your excuses go unheard in the storm that follows, and you are not exactly relieved when it ends with an order to remain seated at your desk while the powers-that-be discuss your fate.



11:05 AM

You are still sitting at your desk, staring listlessly at your computer, when the phone rings. It's your wife, angrily enquiring why you had driven away with your daughter's school bag.

11:15 AM

There are people yelling in the boss's chamber. You strain your ears, and catch a few phrases like 'sack', 'one last chance' and 'suspension'. You wonder which one is it going to be.

11:20 AM

The phone rings again. It's a lawyer, asking you to pay 75,000 bucks for the damage caused to the other motorist's car – if you want to avoid going to court, that is.

11:30 AM

A co-worker taps your shoulder to say that the boss has beckoned you to his cubicle. You smile listlessly, and your body trembles as you wearily rise to your feet. You are a broken man.

NOW, YOU COULD EITHER LOOK AT THIS AS a really bad day, or a fate that our present-day lifestyle will eventually lead us to. Fact remains that while stress is a constructive factor when taken in small doses, there is a limit to how much the human rubber band can stretch before it decides to snap — causing untold harm to the individual as well as those around him.

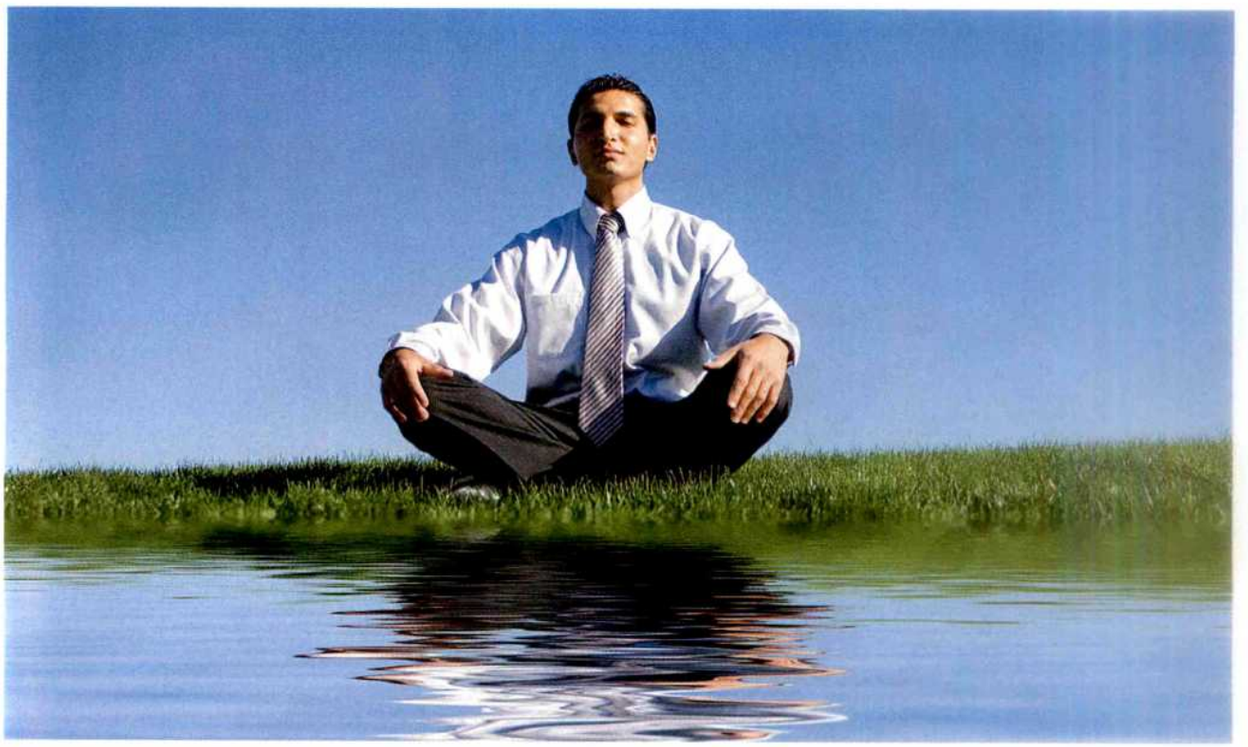
But then, not everything about stress is negative. Many experts, including Ananda in the Himalayas' spa director Colin Hall, believe that stress — when experienced in the right degree — can act as stimulus, motivating one to work towards a goal. "A little stress can be good for you. But it should only be a little, to drive and motivate you; too much can affect the body as a whole and cause diseases. Your mind, body and soul do need to switch off, relax and get some time to rejuvenate," he says. In other words, stress is like water — while you may need a glassful to keep dehydration at bay, you definitely don't want to be drowning in it.

Anil Bhatnagar — the author of many acclaimed self-improvement books such as *Ten Keys to Corporate and Personal Success* and *The Little Book of Forgiveness* — believes in giving the phenomenon a much shorter rope. "Stress reveals misplaced priorities," he says. "It usually manifests itself when you indulge in activities that aren't really to your liking or advantage. Stress is one of the many signs that society has hijacked our lives."

Bhatnagar, who recently delivered a talk at the Roots Summit, Vivanta by Taj-Surajkund, defines stress as a disempowering state that has now become a tragic part of everyday life. A person suffering from the malady may display crippling physical and behavioural symptoms as diverse as anxiety, depression and low self-esteem, and when exposed to it for an extended period of time, even fall prey to heart disease, asthma and diabetes. Worse still, it could drive a person to seek refuge in destructive habits — including drug abuse, drinking and pornography.

But all's not lost; here are a few changes you can make in your daily routine to bring about a welcome deluge of positivity into your life.

These days, lack of time is one of the greatest causes of stress. But, only if you quit putting off tasks and calling off appointments, your life won't be half the mess it is. And yes, wake up early to get a headstart!



Beat the Clock

Have you ever found yourself wishing that there were more than 24 hours in a day?

Lack of time is one of the greatest causes of stress today. You never seem to be able to tick all the boxes in a to-do list, and your plan to go jogging always gets postponed to the next day. But, fact remains that there are many who achieve a lot more than us in any given day — they just manage their hours better. If you quit putting off your tasks and calling off appointments, you won't be half as stressed a week from now. And yes, waking up early can get you some extra hours too.

Know your Limits

Don't bite off more than you can chew.

A lot more competition exists in the world today than forty years ago, and consequently, there is a greater need to showcase our talents and set ourselves apart from the others. Since our days of youth, we have been told to push ourselves to the limit — a requirement that we try to fulfil by taking on more than we can handle. But even heavy-duty machinery breaks down when subjected to an overload of work, and being human, it's just a matter of time before you keel over from all the responsibilities you shoulder. Our advice? Take it slow.

Also, keep in mind that nobody is perfect — and even if you have inadvertently made a mistake, do not punish yourself too hard for it. Instead, treat mistakes as experiences that you can learn from, and try to avoid similar missteps in the future.

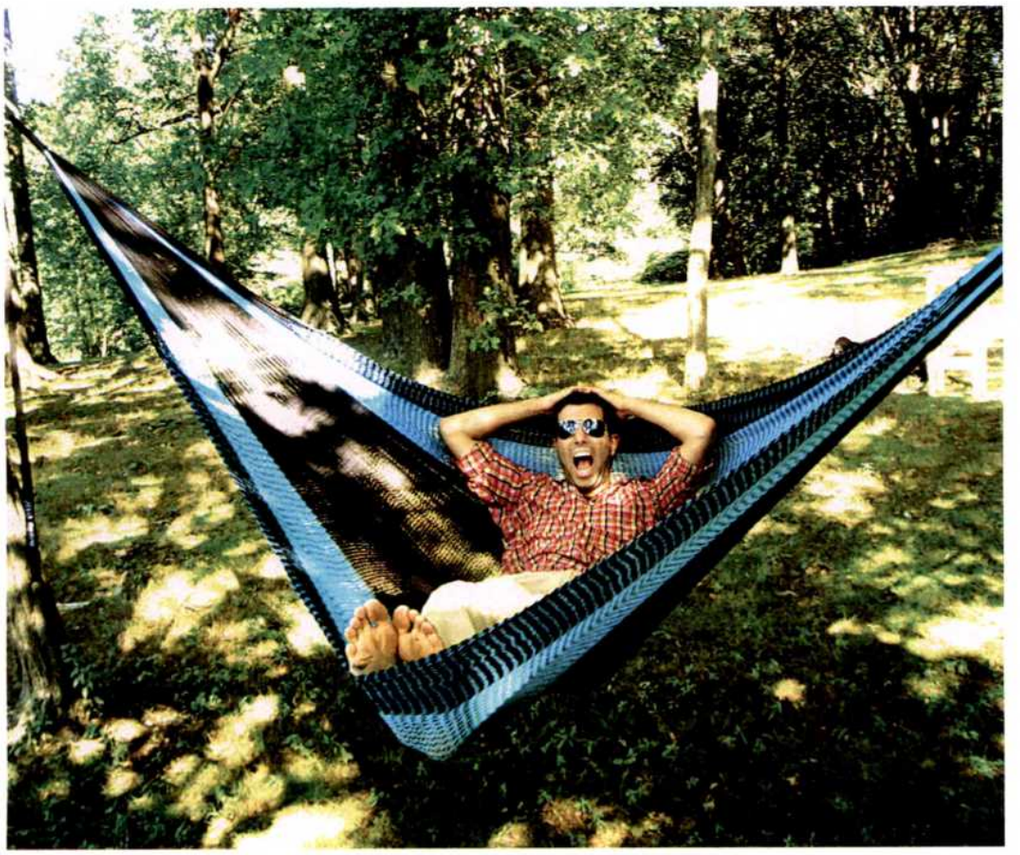
Methods like yoga and meditation work on the mind-body connection. Once you start relaxing, stress levels automatically reduce, allowing the body to recover and the mind to feel a sense of calm.

Try Meditation or Yoga

Stress is no new phenomenon and various societies across the world have, over the ages, developed ways to cast off stress — whether it's through meditation (as advocated by Buddhism, Hinduism or Roman Catholicism) and the Indian art of yoga, or more unconventional methods such as self-hypnosis, biofeedback and aromatherapy. And in this age of constant connectivity, where a person isn't able to get away from the nightmares of his workplace even in the comfort of his home, they only assume greater importance. "Methods like yoga and meditation work on the mind-body connection, and a quiet mind means a relaxed body. Once you relax, stress levels are reduced, allowing the body to recover and the mind to feel a sense of calm," says Hall.

Bridge the Priority Gap

Stress can also come about through a gap in our conscious and unconscious priorities. Through most of our lives, we find ourselves striving towards a goal that others expect us to achieve — not something we really want. For instance, a child with an artistic bent of mind may be pushed by his parents into



Going on a trip to the mountains or a beach for a few days is, by no means, a waste of time. Look at it as recharging your internal batteries, without which you wouldn't be able to maintain the same degree of efficiency in everyday life.

another field that offers better financial returns, making him feel purposeless at a subconscious level. Bhatnagar says it could also result in "joyless striving", causing the individual to go about his life as a chore, not the fulfilment of a dream. So, what could be the solution to this malady? While it may not be feasible to effect a complete career reversal, try to make up for it in your spare time. Wanted to become a lead guitarist when you were a child? It's never too late — excavate your old Stratocaster and jam the evenings away with friends in the garage. Got a green thumb? Buy seeds and a watering can.

Accept your Lot

Well, don't take this at face value. While nobody's asking you to give up on ambition or seek nirvana under a tree, being in perennial conflict with your state of being isn't a great strategy either. You are welcome to take certain measures to rectify the inconsistencies in your life, but it is equally important to come to terms with the factors you can't change. They say you can't choose family, but that's only half the truth. There are a lot of other things you cannot choose in life either — including physical appearance, racial characteristics and nationality — and, believe us, moping about them will not help in the least.

Take a Break

Going on a family trip to the mountains or a beach for a few days is, by no means, a waste of time. Look at it as recharging your internal batteries, without which you wouldn't be able to maintain the same degree of efficiency in everyday life. If possible, switch off your phone for the duration of your vacation; you could do without colleagues or superiors calling you every ten minutes to discuss project deadlines. "Companies, for their part, can ensure that employees benefit from occasional breaks from the tedium of their daily routine by organising parties and office trips," says Hall.

Holiday Stress

While nothing can combat stress better than a well-deserved vacation, do take steps to ensure that the trip doesn't end up seeming like a chore in itself. After all, isn't providing your body with some relaxation the prime objective of your initiative? "While going on vacation facilitates recovery of the mind and body, it is vital that you plan your holiday well in advance to prevent any last-moment stress. If your lifestyle is usually fast-paced, opt for a relaxing trip. Do not prepare an overly packed itinerary; you don't want to end up coming back exhausted," says Hall.

If you are going on the trip with your family or friends, double-check if everybody is happy with your travel plans. Nothing can ruin a happy-go-lucky holiday to the beach as much as a sulking partner who would rather have gone trekking in the mountains.

Qatar Airways' Passengers to Enjoy Five-Star Experience at New World-Class Airport

Qatar Airways has commenced its flight operations from Hamad International Airport (HIA) on 27 May at 09:00 Doha time. "Our move to HIA heralds a new beginning for Qatar Airways, as we will now be based in a world-class hub that has been entirely designed to meet the needs and expectations of even the most discerning passengers", said Qatar Airways Chief Executive Officer, His Excellency Mr. Akbar Al Baker.

With the capacity to handle 8,700 customers per hour, the HIA Passenger Terminal Complex will house a total of 138 check-in counters across five islands, including 108 counters for Qatar Airways Economy passengers and all other airlines, 16 counters dedicated to Qatar Airways Business Class travellers and 14 luxury, bespoke, seated check-in counters for Qatar Airways First Class passengers.

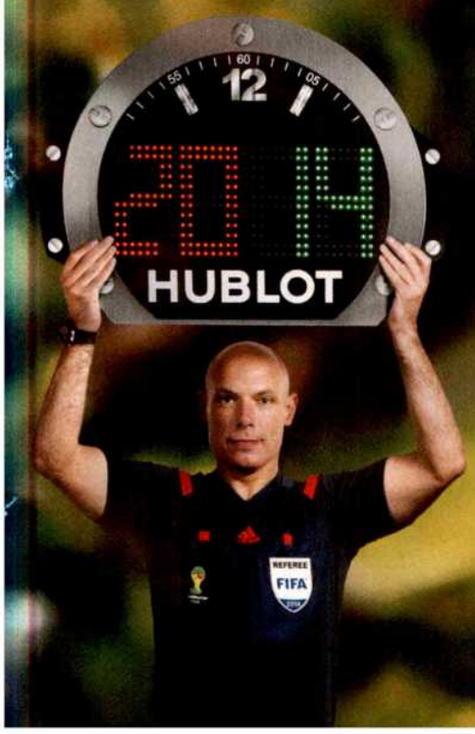
All passengers are advised to arrive three hours before their flight, with check-in closing one hour before departure for Economy Class, and 45 minutes before departure for First and Business Class.

Hamad International Airport offers 40,000 square metres of combined retail, food and beverage facilities, establishing the airport as a premier shopping and dining destination.

The first commercial flight of Qatar Airways touching down at Hamad International Airport, marking the commencing of full operations of the national airline.

Check-in counters at Hamad International Airport passenger terminal.

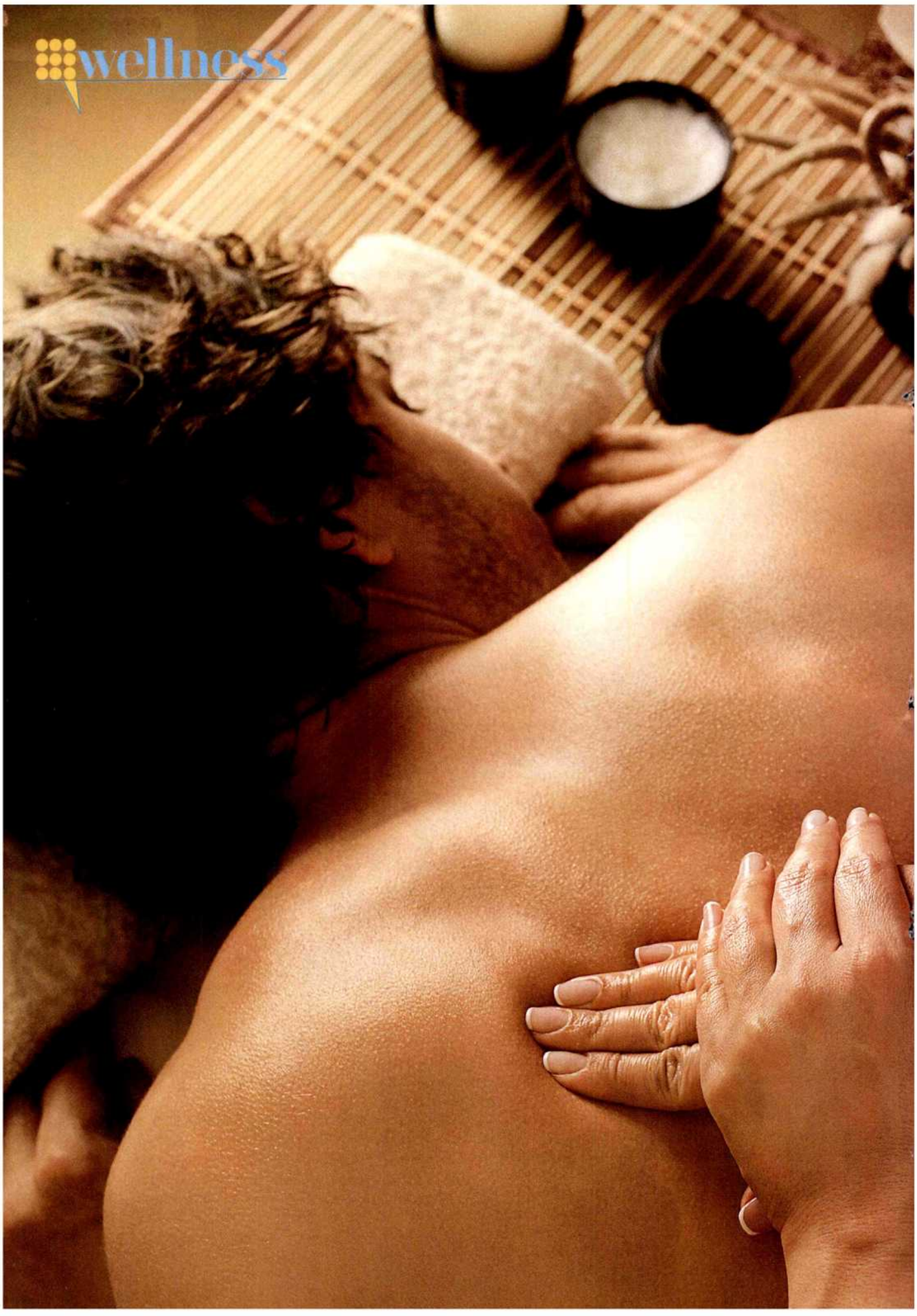
The Passenger Terminal of the Hamad International Airport



HUBLOT & FIFA – *Beyond a Watch...*

Hublot loves Football and Footballers. That's why Pelé, José Mourinho, Turin's Juventus, Paris Saint-Germain, Bayern Munich, Luiz Felipe Scolari, Falcao, Roy Hodgson, Xherdan Shaqiri, Amsterdam's Ajax .... all the giants of football are associated with Hublot. This year, to use a world property like FIFA, Hublot goes beyond the sports and the event to deliver striking and exceptional portraits which reveals them as they've never been seen before.

The "Hublot loves football" campaign World Tour started in April 2014 and went through all the major countries of the world including Mexico, Italy, China, Greece, USA, Paris and Brazil of course. The culmination of this campaign can be seen in each and every match of FIFA being played in RIO, Brazil where Hublot board is prominently seen used by the fourth official to show the additional time periods and signal player substitutions.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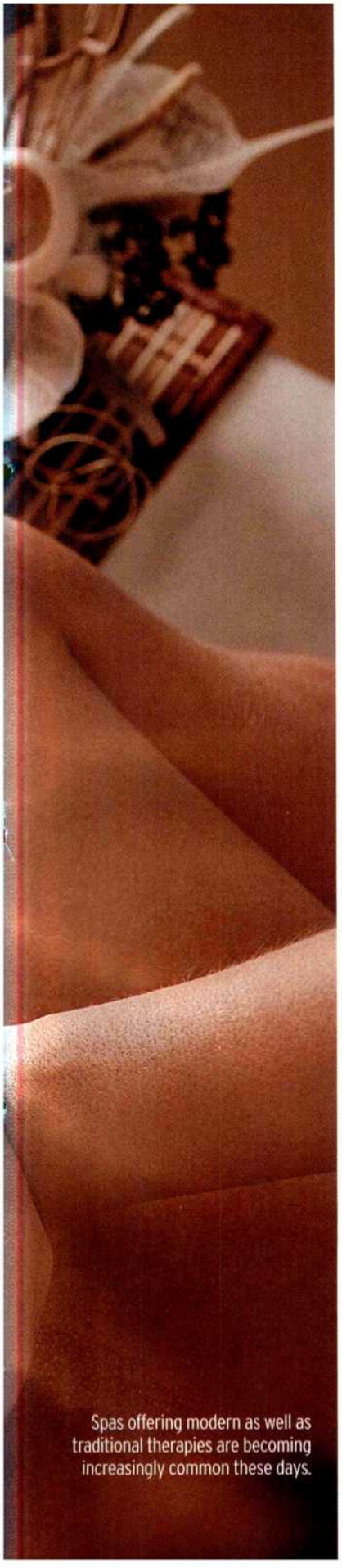


Spas offering modern as well as traditional therapies are becoming increasingly common these days.

Spa Struck

With spa treatments spilling over the boundaries of the wellness industry, expert **Tracey Poole** identifies the biggest trends this season.

THE WORLD IS WITNESSING A significant shift towards wellness and preventive health, as opposed to visiting a hospital once ill-health has set in. The more health conscious among us are aware of the benefits of leading a balanced lifestyle through alternative medicines, therapeutic treatments, and wellness-based fitness.

This higher level of consumer knowledge and understanding has helped drive a closer collaboration between spas and healthcare. As spas continue to increase their role on the wellness front by incorporating more health-related services and facilities, hospitals — in the future — are likely to accommodate spa facilities too.

Earlier, these services were limited primarily to exclusive destination spas. Today, as the spa industry grows, they are found across mixed-use communities that combine hotel, residential and commercial services.

wellness

DISCOVER YOURSELF

Currently on the rise are new and innovative ways to relax and recuperate. Many spas now provide self-discovery services and learning activities to help consumers recharge their mind, body and spirit. On the side, they can participate in self-improvement courses, dance and movement classes, art and painting courses, healthy cooking, etc.

BACK TO BASICS

Consumers are moving away from trendy to tangible result-oriented treatments. This means combining the focus on wellness and lifestyle through preventative medical screening, body therapies, fitness, yoga, tai chi, meditation, relaxation massages, nutrition and spirituality.

GOING SOCIAL

"Social spa-ing", which translates to spending precious time bonding with friends and family while building a healthier physique, is an ongoing trend. What's more, consumer-savvy corporates are now warming up to the concept of integrating spa services for their employees — thereby improving performance and minimising work-related illness and stress.

MAN MAN WORLD

Men continue to grow as a segment of spa consumers, not merely for massages but also for facials and nail services. Men have needs that are different from women when it comes to face/body enhancements; they desire subtle, not overdone results.

CATCH YOUR Zs

A relaxed mind is essential for the well-being of your entire self. Most spas today have strategic spaces that encourage complete relaxation before and after treatment. In addition, sleep yoga programmes and stress-dispelling essential oils have been introduced in retail programmes of spas worldwide.

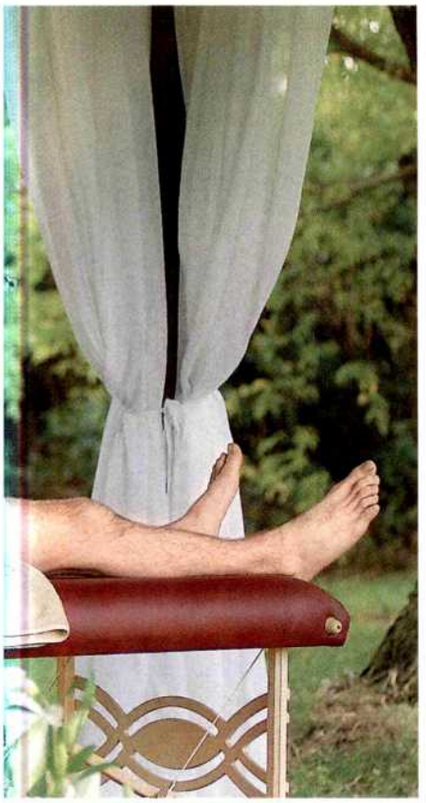
HEALTH REDEFINED

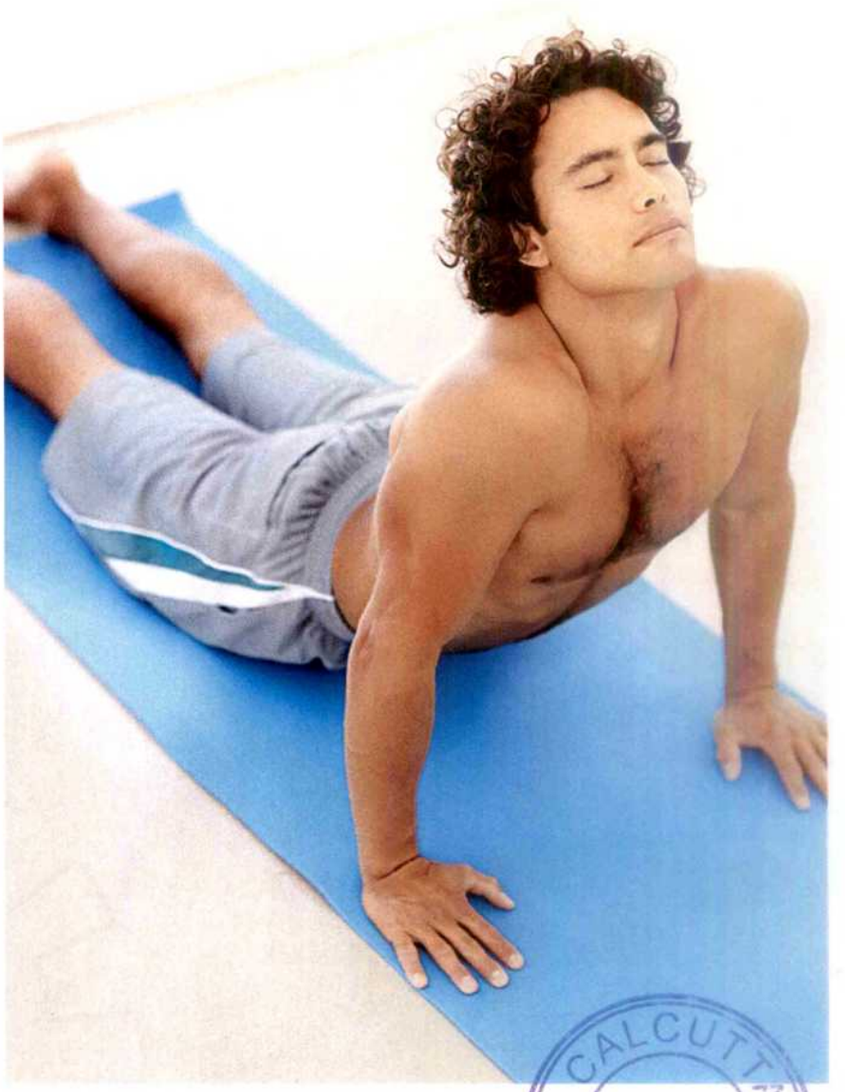
The very definitions of vacation and hospitality are likely to be redefined in the near future. While gyms and spas were positioned as mere amenities until now, these walls are in the process of being broken down — both conceptually and literally. Established hotel chains are rebranding around the concept of wellness, offering customised food and beverages (gluten-free and vegan menus) as well as fitness coaches.

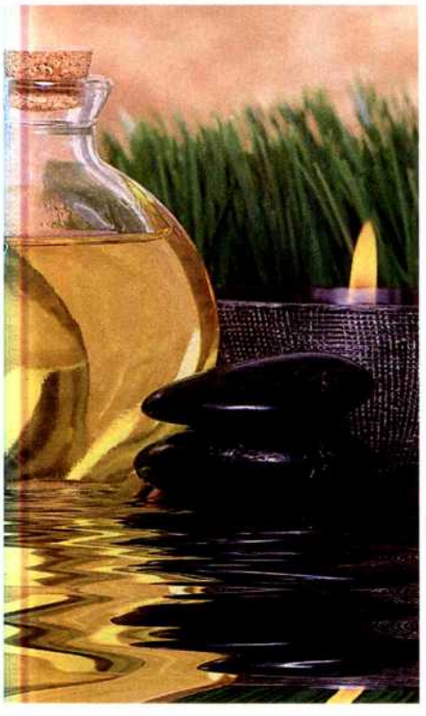
GET THE MASSAGE?

A creative blend of two effective approaches (mindfulness and bodywork), the "mindfulness massage" is a profound experience that helps people enter a state of deep relaxation almost instantly. Rather than making you lie on a massage table while your mind continues to resonate with the troubles of the day, the mindfulness

Clockwise from the top: Ayurvedic spas prescribe a personalised regime of diet change, exercise and massage; yoga and aromatherapy have found their way into spa treatments







massage uses breath work and techniques such as body scans to effect an environment of complete peace.

BACK TO THE FUTURE

In the days to come, expect more aggressively authentic and comprehensively executed global wellness experiences at spas with a distinctly ancient look, feel and language — besides a more expansive, exotic menu of wellness traditions. Ayurveda, our very own 3,500-year-old medical therapy, is one such tradition that prescribes a personalised, detoxifying regime of diet change, exercise, meditation, massage and herbal medicine. Today, it is recognised by experts across the globe, and many tourists come along solely for the treatments handed down to this country over the ages. We'll also see an increased focus on traditional Turkish and Roman baths, traditional Russian banyas and novel healing traditions — some in spaces with a unique "ancient-hip" design, others built on ancient spa sites or within reclaimed historic buildings.

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BRANDED FITNESS

"Name-brand" fitness has been around for decades. But now, as the fitness market expands further, products and programmes serve as a shortcut for instant recognition in an oversaturated market. From Yogalates and Piloxing to CrossFit and The Skinny Jeans Workout™, health and wellness have become the new luxury. Millions chase the 'insider elite', giving the fitness world a distinct fashion world vibe where consumers shop for the latest fitness craze as if it were the newest fashion trend.

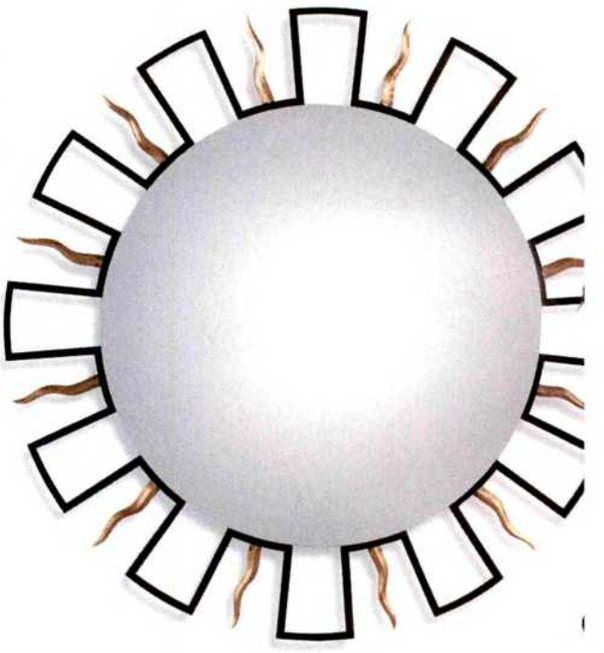
Tracey Poole is the spa director, Six Senses Spa, Jaypee Green Golf & Spa Resort

top shop

Red Hot

Giving a new twist to the Indo-Western fashion mantra, this Paul Smith jacket — in a wonderful shade of crimson — is all you need to brighten up your summer wardrobe. The designer has time and again taken inspiration from India, and this jacket hits all the right chords too. Going for a wedding? You're all set!

Price: On request



Silver Surfer

With everyone worth their taste going retro, why should you be left behind? These stunning Diesel Black Gold high-top sneakers will instantly take you back to the disco era, when flashy was the new funky! Step into these and you'll soon find your feet stopping at nothing.

Price: On request

Mirror Mirror

Grand interiors that merge both aesthetics and innovation are what everyone is on the lookout for. Designer Christopher Guy showcased his new collection at the prestigious Maison and Objet Asia earlier this year, and this Aube Convex mirror is definitely what you should get your hands on! Available exclusively at Ace Maison.

Price: On request

Eye See You

If it's summer, you really shouldn't hold back on sunglasses! This Versace pair, part old-world and part contemporary in design, will sit well on your eyes — whether you are in the city or at the beach.

Price: On request

Fork it Out

Hosting a dinner at your place is a true test of your lifestyle, and the perfect opportunity to flaunt this decadent cutlery from My Tailor Home. The home decor brand has introduced 'The Art of Dining' collection, and this set by French designer Lauret Studio is one of their aces for sure.

Price: On request

Knot Bad

As the fashion pundits have already announced it as the colour of the season, it's high time you went out and got yourself something orchid in colour. A great idea would be this wonderfully subtle Corneliani tie that promises to take your office wear way more than just a few (k)notches higher!

Price: ₹12,000 approx

Lamp of God

They say a good lamp is half the job done. The lighting setup is of utmost importance when planning the decor of your living room. You are lucky, then, that Kapoor.Light.LifeStyle has come up with this wonderful retro chandelier that will make your room glow with its silver leaf finish, along with ivory coloured metallic candles. If you adore grandeur, this piece is just the thing for you. If you are the subtle kind, how about a pinch of grandeur?

Price: On request

That's Write!

French luxury brand S.T. Dupont has stormed its way into India with Night Symphony, a special collection of writing instruments that pays tribute to screen legends Humphrey Bogart and Audrey Hepburn. This exquisite rollerball pen is part of the same collection, and the perfect instrument you may need to enhance your writing experience.

Price: On request

Come Together

Church Street Social in Bangalore has its heart in the right place. BY SONALI ACHARJEE

CHURCH STREET SOCIAL, THE LATEST venture by Impresario (the guys behind Smokehouse Deli and Mocha), is more than just another restaurant that serves sinfully delicious grub. It's a collaborative workspace designed to house everything your own office might have, and more. From superfast Wi-Fi to wall space, a boardroom, an app to order food and another to check what the other customers are up to (promoting offline socialisation and collaboration), Social is the perfect blend of a cool office and an even cooler café. The sprawling 6,000-feet space also boasts of a huge 20-seater communal table designed to help you make new friends and probably even a new colleague. When it comes to the food and drink, be warned, you'll be hard-pressed to find anything remotely mediocre on the menu. We highly recommend the cheese burger salad (a naked burger patty with greens, cheese and a fried egg), gunpowder-fried calamari, shammi sandwich, mutton dhansak and Goan prawn curry. If you're in the mood for something more substantial, check out the OTT dawg (bacon wrapped hot dog with lamb chilli, cheese and fries) or the OMG burger (two beef patties with cheese, sausage, salad and a fried egg). For drinks, try the deconstructed Moscow mule (vodka, ginger ale and bitters served in a mule mug with a beaker tied up in muslin cloth) or the reaction (a glass beaker with a syringe full of vodka and blue curacao). Round up your meal with a serving of the unique but incredibly delicious PBJ, served with bacon balls and ice cream. Chocolate lovers can opt for Ramesh n Suresh (deep fried five star fruit n nut) or Layer Cake (dark chocolate, caramel and nutty mousse sandwich with flourless cake and ganache).

Goan prawn curry
OMG burger
Mutton dhansak

Meal for two (alcohol extra)
₹1,500

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Workaholic, party lover or food fanatic – social meets all expectations.

At Church Street Social, you connect with people – vitually or otherwise. (Inset) Watermelon feta salad ▲

The interiors of Indigo Deli are understated, with comfortable seating and no-fuss tables ▲
The blackened salmon burger has the right proportion of char vs flakiness ▶

The Deli in Delhi

After making its mark in Maximum City, Indigo Deli is all set to become Delhi's brunch destination. BY PRACHI BHUCHAR

WHEN WEIGHTY BRANDS MAKE THEIR WAY to the capital, word spreads faster than butter. Indigo Deli has a formidable Mumbai reputation to live up to, and its Delhi outpost has — in its first week — managed to make some serious fans. Owner and chef Rahul Akerkar and wife Malini have put a lot of hard work into making this outlet what it is. While the interiors are understated, the seating is comfortable and deli-like, complete with chalk boards, no-fuss chairs and tables. First looks aside, your experience here is defined by the attentive service and heart-warming food. We began with the deli house salad, which had a generous portion of seafood—from house cured salmon to poached lobsters—caper berries and green beans tossed in lettuce with juicy tomatoes and baby potatoes for company. The oregano vinaigrette dressing was the perfect summer accompaniment to a simple yet effective starter. You must absolutely try the BBQ pork ribs with buttered cornbread—sticky, moist, falling off the bone and delicious. Only complaint, after the first few, the sweetness of the sauce begins to cloy, so maybe they could go easier on that. For mains, the burgers came highly recommended and rightly so. The blackened salmon burger had the right proportion of char vs flakiness. Ditch the bun and dig into the salmon fillet by itself and be wowed. Similarly, the tenderloin steak was so exactingly prepared that it did not need a sauce to dress it up. Indigo Deli stands out owing to the quality of produce being used, and having a celebrity chef at the helm also helps. Now, I was told that the home-made ice creams, the cheesecake and eggs Benedict are absolute must-trys, but we decided to save them for another day. The breakfast menu is fairly elaborate, and one can easily see this place becoming a Sunday brunch favourite with Delhi's in-crowd as well as those who crave a slice of gourmet Mumbai.

Tenderloin steak
Blackened salmon burger

Meal for two (alcohol extra)
₹2,500

Indigo Deli, Third Floor, Ambience Mall, Vasant Kunj

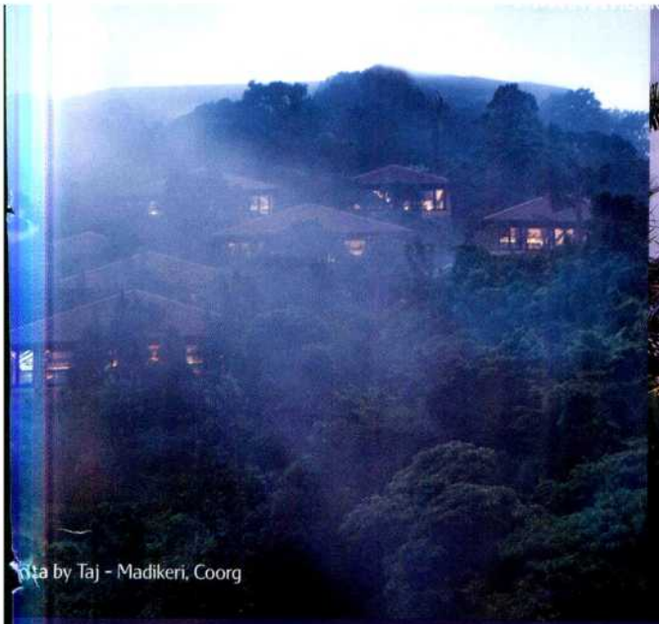
011- 40870101

splurge

BEHIND THE LENS

A 100TH YEAR CELEBRATION CALLS FOR A SPECIAL TREAT, AND NOBODY UNDERSTANDS that better than Leica. The iconic German camera brand has been bringing out a slew of special edition cameras since the beginning of this year to mark its centenary celebrations, and joining the party now is a limited edition variant based on its M Monochrom camera. Named the Leica M Monochrom Silver Anniversary Edition, this camera — created in partnership with Nordisk Foto Import to celebrate 25 years of its existence — has a Aztec beige leather body with a special silver metal finish. A welcome change from the M Monochrom's standard black look, the camera also has a special Summilux M-1.4/35 ASPH Silver lens specifically made for this run. Only 25 cameras of its kind have been designed, so rush to get your piece now.

Price ₹12.46 lakh



ta by Taj - Madikeri, Coorg

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Be it the quiet charm of God's Own Country or the lush allure of a living, breathing rainforest, one question remains. Where will you find yourself?

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BY TAJ

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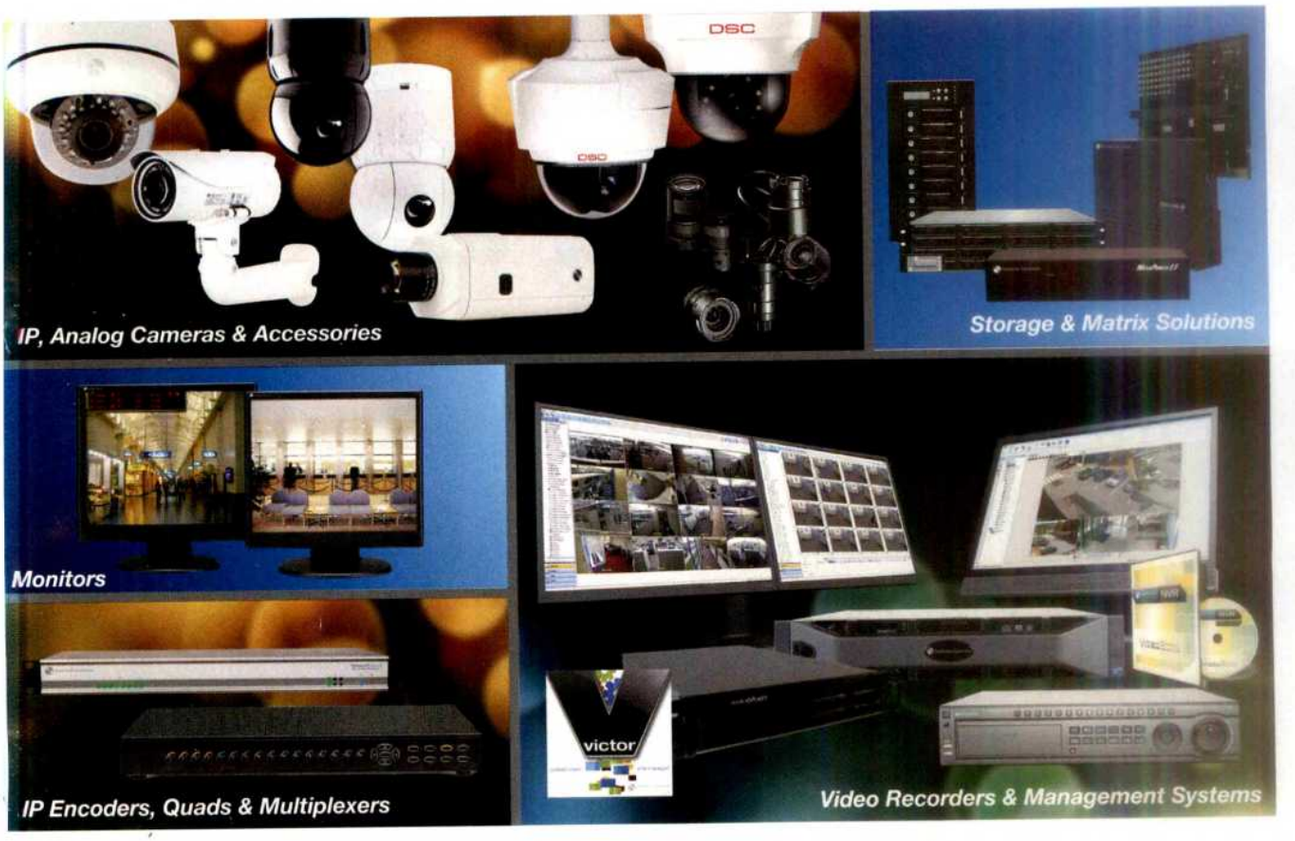

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Fixing the India Conundrum

Boost to manufacturing sector, tax reforms and reviving infrastructure top the agenda of panelists at *Business Today's* PRE-BUDGET PANEL DISCUSSION.

On his election campaign trail, Prime Minister Narendra Modi successfully sold the idea of hope. Finance Minister Arun Jaitley is now gearing to present the first budget. But Jaitley is facing a slew of challenges that could potentially derail Modi's grand economic vision for the country. A delayed monsoon, looming Iraq crisis, rising inflation, low investor confidence and the fact that the previous government has left a messy state of finances to work with are expected to make Jaitley's job tougher. To assess the strengths and weaknesses of the government, *Business Today* organised a panel discussion with **Ajit Ranade**, Chief Economist, Aditya Birla Group; **Arvind Virmani**, former chief economic advisor to the finance ministry; **Satya Poddar**, Partner, EY; and **Dhiraj Mathur**, Executive Director, PricewaterhouseCoopers. and Shweta Punj moderated the discussion. Edited excerpts:

On the government's priorities

Ajit Ranade: The backdrop of this budget is not very cheerful. We have had two to three years of slow growth, and in manufacturing we have had zero growth. The Iraq flare-up has pushed oil prices higher to the levels seen one year ago during the Syrian crisis. Oil prices directly affect the fiscal deficit and trade deficit because three-fourth of the oil is imported and also affect inflation. Apart from Iraq, there's also the El Nino factor. About four weeks ago, El Nino was just a possibility but now we are more and more concerned that the monsoon is delayed. As if that wasn't enough, we also have the railway price hike that will contribute to inflation. We have had an increase in the import duty of sugar. The one cheerful [thing] is that the foreign money has come in substantially and the stock markets are doing well.

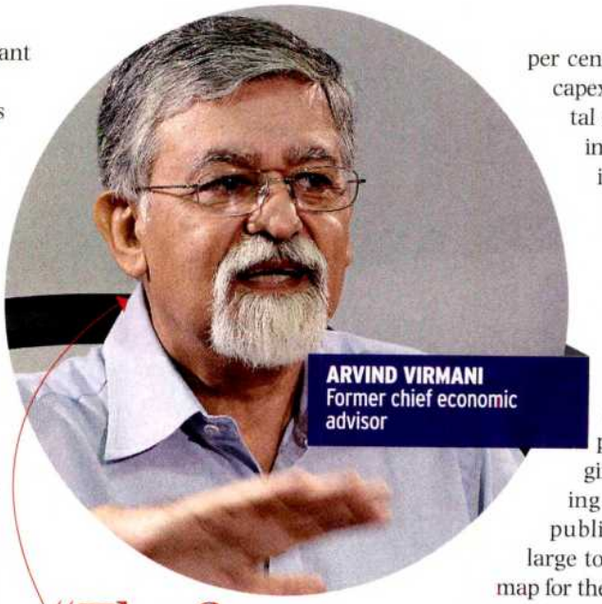
In such a backdrop, if you ask me what the budget will be about, I think the number one priority should be to provide a very strong anti-inflationary stance. I feel that fighting inflation is a joint responsibility of both fiscal and monetary authorities. One can't leave it only to the Reserve Bank of India (RBI). So how do you give this anti-inflationary signal? The first is, don't increase taxes, don't introduce new surcharges and don't increase administered prices. It's very important to attack inflation. The second priority is fiscal consolidation because we want to get into the virtuous cycle which we saw when the last time the National Democratic Alliance (NDA) was in power. Lower inflation and lower interest rates lead to higher savings and higher investment, which in turn lead to

PHOTOGRAPHS BY SHEKHAR GHOSH

higher growth eventually. We want to get into that situation.

The third and fourth priorities will be agriculture and manufacturing. We have had the spectre of food inflation, for which there are short-term factors but the longer-term reality is that our supply is not keeping pace with demand. We can't remain dependent on imported food for a large part of our demand. We have to find ways to increase productivity substantially and tackle things like water scarcity, and overuse of fertilisers and free electricity.

In manufacturing, the national ambition is to go from 15 per cent to 25 per cent of gross domestic product (GDP). We need to do a lot of things to revive manufacturing, as I said there has been zero growth in the last two-three years. In the past six months, the Indian rupee has lost almost eight per cent against the Chinese yuan. While we think the rupee has gained substantially from 67 to 60 [against the US dollar] because of the new government and the RBI policies, against our competing currencies we have actually lost. This may directly translate into manufacturing disadvantage.



ARVIND VIRMANI
Former chief economic advisor

"The first priority is to restore sustainable fiscal position because that is connected to a number of things"

Satya Poddar: I don't really have significant expectations from the budget. The best the government can do is to avoid any controversial structural reforms that are going to dampen the enthusiasm which is already reflected in the markets. Much of the decline in growth of the Indian economy that is taking place in the last three-four years is because of the government, not because of global market forces. It is actually a policy paralysis and policy uncertainty which have contributed to the negative sentiments among investors. So I expect the budget to, first of all, provide very clear guidance on the policy framework. Deal with controversies which have plagued the government and forced investors to re-think their stance on India. The second important thing is the revival of growth of the economy. The government can do that by providing stimulus to capital spending.

The government can itself stimulate capital expenditure by investing in railways as they are promising to do. I think the government can provide boost to the growth rate to 6-6.2 per cent through increase in capex. The increase in capital expenditure can come in four buckets: increase in direct federal capital spending, increase in spending by public-sector units, increase in spending by state governments, and increase in private spending through appropriate monetary policy and incentive regime. In terms of creating policy certainty, the public is anticipating at large to provide a clear road map for the GST [goods and services tax]. I expect the government to make a major announcement on reversal of the tax policies that were announced in 2012 budget, deferral of GAAR (General Anti-Avoidance Rules) and reversal of the retrospective changes. Investors need very clear policies. If the policy is detrimental, then they should reverse those policies. Clarity is the number one priority of the government.

Dhiraj Mathur: This is the first year, so they should be looking at laying the foundation for long-term reforms. The constraints imposed both by the Iraq crisis and the drought will have to be dealt with, and inflation will have to be controlled. I think manufacturing is one area that really needs to be looked at. One major exercise the government must undertake is to align tax policies with sector regulations. You know the way the government works. We have different ministries responsible for their own areas of business and it's the investor who has to confront all of these. Aligning policies is what I feel is one major long-term measure that the government needs to take.

Arvind Virmani: The objectives are quite clear. As far as the budget is

concerned, the first priority is to restore sustainable fiscal position because that is connected to a number of things, including the current account deficit, inflation and even to some extent some growth-related macro parameters.

The revenue deficit has been stuck at 3.0 to 3.2 per cent for the last 10 years. That's a measure proposed in the FRBM (Fiscal Responsibility and Budget Management) Act which was never achieved. That's a big failing which is not pointed out by too many people but it is critical and I hope they will not only make a start towards reducing that but also lay out a map for bringing it to zero in the next two-three years. It should've actually been done by 2007 but it wasn't. That is the critical element of restoring macro stability.

The second thing I expect is some kind of a partial accrual accounting or at least a couple of lines in the budget which show the carryover much more clearly. I expect they will do that because the only way to start the hard decision process is to bring out in the open the fiscal and revenue deficit situation that the country is left with.

The third aspect of the budget is taxation. Most of us have been working on taxation. I definitely expect that this government – and they have made it clear both in their manifesto and the president's address – to simplify taxes. All taxes which are under the control of the government – corporate taxes and income taxes.

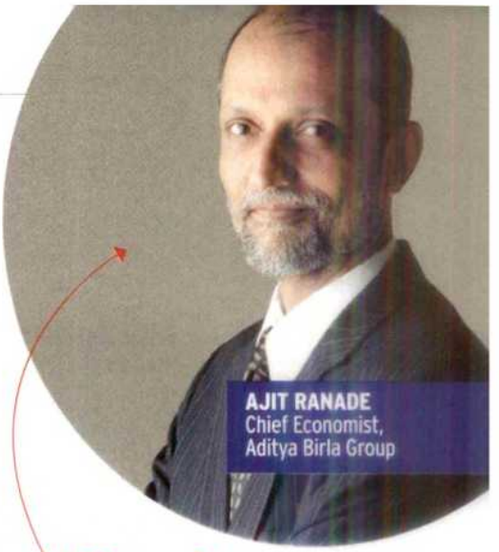
SATYA PODDAR
Partner, EY

"I don't really have significant expectations from the budget. The best the government can do is to avoid any controversial structural reforms"

On recapitalisation of banks

Arvind Virmani: Recapitalisation of banks is relatively easy. I read someone saying there's going to be no recapitalisation. My point is the whole direction in which the financial sector is expected to evolve there may not have been enough time for discussion with various people. So you need a technical decision and you need a political decision.

Ajit Ranade: I think this is a very important area for the budget.



AJIT RANADE
Chief Economist,
Aditya Birla Group

"Don't increase taxes, don't introduce new surcharges and don't increase administered prices"

Don't forget that many public sector banks are not close to 51 per cent yet, so one way to recapitalise them would be to take advantage of the somewhat bullish stock market. But certainly, we have plenty of room to reduce it to 51 per cent. Not to forget that a previous finance minister said that we can reduce it all the way to 33 per cent and still maintain the public sector character of the banks. There's a third solution given by Dr C. Rangarajan who said that use the concept of golden shares. So there are various options. Recapitalisation, I think, is a major priority but there are some creative solutions using the capital markets.

On tax disputes

Satya Poddar: First of all, they have to remove ambiguity which is the source of disputes. Best example is if

the GAAR was to be implemented, it's going to confound everybody. Retrospective amendments, indirect transfers of capital gains, these are issues on which there is a lot of confusion. The biggest volume of disputes today in terms of value as well as the numbers is transfer pricing. Now the government has brought in two very significant changes, one is called the safe harbour rules, other was the APAs (advanced pricing agreements). They started very well but to date they have only signed five APAs. There are 45 agreements stuck in the bureaucratic files. I don't think the government can free up the money that is locked up in existing disputes. They will require a more thoughtful approach but prospectively if they bring clarity, they can create a new dispute resolution mechanism.

DHIRAJ MATHUR
Executive Director,
PricewaterhouseCoopers

"This is the first year, so they should be looking at laying the foundation for long-term reforms"

On expanding the tax base

Satya Poddar: You have to look at the indirect taxes – CENVAT, service tax – and the income tax system. In the case of the CENVAT and service tax, there is a scope of eliminating some of the red cuts. In the case of personal income taxes, there's a substantial room for base broadening. And that was indeed the focus of the direct tax code. But at the moment, the best that can happen is for the government to send the direct tax code back to the drawing board and in that context they could say that we want this direct tax code to be re-examined with a view to broadening the base, and lowering the rates and simplifying the structure.

On the issue of FDI

Dhiraj Mathur: You need to look at long-term measures. FDI is long-term capital, stable, investment in real assets and in the real economy. It brings in money, brings in technology, and brings in management. We need to welcome it. Defence is one [such] sector.

On inheritance tax and increasing revenue base

Ajit Ranade: For a large section of India, inheritance is in the form of a house. A tiny fraction actually has liquid monetised assets to pass on as inheritance. If a house has been passed on, you actually have to liquidate the house to pay your inheritance tax. If today somebody gets ₹10 crore in dividend, it is tax free. But if you earn income as salary or fixed deposit in a bank, it is taxable. People say dividend is taxed at the company level in dividend distribution tax. But I think we need to revisit this issue, like we have introduced the concept of quantitative caps for gas cylinders. Can we say dividend income up to a certain level is tax free? Let's say up to ₹5 crore and above ₹5 crore will be taxable.

On Iraq crisis and oil subsidies

Ajit Ranade: We have very little flexibility. Three-fourths of the oil is imported. Our consumption of oil is 3 million barrels per day. That cannot change quickly. The saving grace is that now we export $50 billion worth of petrol and diesel, so the impact on the trade deficit is cushioned somewhat because of our export of petrol and diesel.

There is a medium to longer term issue. India is a standout country where the ratio of freight handled by road and rail is almost 80:20. That means 80 per cent of the freight moves on roads and only 20-25 per cent moves by rail, which is very energy inefficient. And one of India's sources of competitive disadvantage is that the freight cost is a big part of the manufacturing cost.

Why are we not aligning ourselves to international trends where more stuff has to move by trains and not by road, and that requires rail modernisation. It certainly does not mean that you keep it subsidized or something and it is not just modernisation of tracks or the safety systems, it is door to door delivery. Here, the stuff can come to your railway godown, but that last three miles where it has to be delivered, we do not have enough systems and connectivity to give a door-to-door service for freight needs. ◆

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Sky High Expectations

By SUMANT SINHA

This will be a seminal Budget for several reasons – one, it is the first Budget from a government which has a majority in Parliament after more than a quarter of a century. Second, Prime Minister Narendra Modi made development a key part of his election campaign. Third, this has therefore led to sky high expectations. Lastly, given the fragile economy and limited room for manoeuvre, the Budget's importance gets magnified manifold. In addition, this will be the first meaningful economic statement from the new government.

Let's look at several areas that need to be addressed. The first is the macro economy. While the current account deficit has eased to the point where the Reserve Bank of India is now buying dollars and foreign exchange reserves are accreting again, the reality is that in a still vulnerable global economy, sentiment can turn quickly, and therefore caution needs to be exercised. Inflation is still quite high and though reducing, needs to be addressed quickly through supply side interventions. Fiscal deficit and government borrowings need to be brought under control. The new finance minister will need to specifically state his intent on subsidies, going forward. Credit the outgoing government with at least having brought the fiscal deficit under some semblance of control. Finance Minister Arun Jaitley will have to continue on this trajectory but by controlling revenue expenditure. Announcing a commitment to Fiscal Responsibility and Budget Management targets, and laying out a clear road map, will be important.

The key to the economy are steps to revive growth. How can this be achieved in the backdrop of weak consumer demand, banks labouring under an NPA load that threatens to effectively wipe out half their Tier 1 capital, corporate houses suffering high interest rates and stuck projects,

Interest rates will need to soften to provide a fillip to demand as well as lower the pressure on corporates

and high government borrowings and fiscal deficit?

There are a few solutions. First, banks should be allowed to raise new capital through the capital markets, genuine privatisation of the public sector units must be expedited now that capital markets are doing well.

Second, the Budget will need to specify judicious increase in government spending on large infrastructure projects. The government could begin to implement some of the mooted schemes such as 100 new cities, the golden diamond and more efficient use of the railways, construction of more ports and airports, etc. This would also kick-start demand for steel, cement, etc. Third, there could be a statement of intent with specific steps to revive key sectors such as power and roads as these have become extremely dysfunctional. The FM will have to push for more rational (higher) power tariffs to improve the health of discoms ultimately leading to their privatisation and a freer energy market. Fourth, capital markets need to be made more effective and banks need to be recapitalised quickly to re-start the liquidity cycle, which is a key ingredient of further investments.

Over the last few years doing business has become increasingly difficult. So fifth, the new government, by simply stating its economic objectives clearly and believably in the Budget, can move the sentiment needle significantly – and this by itself can lead to a more robust response from the corporate sector.

Sixth, through the Budget, the government should choose five or six sectors and lay out a clear long-term roadmap. This is necessary as any new investor needs visibility to create new business plans and make investment decisions. Infrastructure sectors such as railways, power, roads, new banks, etc, would be the best candidates for this articulation.

Sumant Sinha is Founder-Chairman and CEO, ReNew Power Ventures

Partnership of Unequals

By ASIM DASGUPTA

As laid down by the Constitution, all important items of development expenditure, as well as administrative expenditure, are the responsibility of state governments. In the development agenda of a state like West Bengal, for instance, there are about 1,800 km of national highways (which are under the National Highway Authority of India, a central body), some 18,000 km of roads built and looked after by the state public works department and about 100,000 km constructed and maintained by various local bodies. In terms of total expenditure on roads in the state, 90 per cent is by the state government.

Education is in the concurrent list, but once again more than 80 per cent of the total expenditure on education in the state is incurred by the state government. In health again, about 75 per cent of the costs are shouldered by state governments. In administration, the state has employees serving right down to the block and panchayat level. Central government employees exist only up to the district level and that too only in the higher positions. Law and order is a state subject as well and the state shoulders most of the costs.

But when it comes to tax revenues, about two thirds of the total tax receipts of the country goes to the central government and only one third is shared by all the states.

So there is clearly an imbalance between expenditure and revenue. There is a provision in the Constitution for devolution of a portion of Central taxes raised in a state to that state, but the proportion being given is not enough. After raising the matter repeatedly, the overall ratio has gone up from 30.5 per cent to 32 per cent, but the Left parties' demand has always been that it should be 50 per cent. So that demand very much remains alive.

For some years now there has been a proliferation of centrally sponsored schemes relating to state subjects. There is no clarity in the Constitution about these schemes. If they are administered entirely by the Centre, do they constitute an encroachment on state powers? At present the guidelines are all centrally imposed and funds are largely disbursed only by the Centre. States have to willy-nilly follow these guidelines.

Centrally sponsored schemes on state subjects should be transferred to states along with the funds

We, the Left, maintain that if there is a centrally sponsored scheme relating to a state subject, the administration of the scheme should be transferred to the state(s) concerned, along with the funds for the project. The Centre can still be involved – there could a joint Centre-state review of the implementation in the third quarter of each financial year and states could be given incentives for improved performance. But the overall control should be with the state.

Fortunately, there has been some movement in this direction. The Rashtriya Krishi Vikas Yojna, launched in 2007, incorporates some of these suggestions. Funds for this scheme, meant to boost agricultural production, are being transferred to states. Again, the formation of the Inter-State Council – in 1990, when the Left supported V.P. Singh government was in power – has made a difference, with a number of its recommendations being accepted. But one does not seem to hear much about the Council lately. Are meetings being regularly held any more?

It is true that many of the states have a heavy debt burden. But why does this debt burden arise? The most important component of this burden is the money that comes from small saving schemes. Some 80 per cent of the net small savings of a state comes back to the state in the form of a loan from the National Small Savings Fund at 12 per cent interest. So the more the people of a state invest in small savings – and West Bengal

holds first position – the bigger its loan becomes. Some relief has been provided in this respect at the behest of the 13th Finance Commission – states pay a lower rate of interest if they meet the requirements of the Fiscal Responsibility and Budget Management Act – but it is not enough. We believe states should be given the option of whether they want this loan or not.

Then there is central plan assistance to states, of which 70 per cent is a loan and only the remaining, a grant. What sort of 'assistance' is this? If the state government gave similar assistance to local bodies, they would all go sick. Lately, only the grant portion is being given, the loan withdrawn altogether. There is also the so called assistance given by the National Bank for Agriculture and Rural Development to states – this is entirely in the form of loan, which must be repaid. Often funds transferred by the Centre to states reach too late to be used up in a particular financial year and are kept in deposit accounts – these too are shown as liabilities of the state.

There are many other issues, including some that are specific to particular states. West Bengal, for instance, is being denied coal royalty at the latest rate. We still get royalty at the rate fixed in 1991, which has since been revised more than once. There are two kinds of earnings for the state government from coal – coal cess and coal royalty. We are told that because West Bengal gets coal cess, which many other states do not, it will not get royalty at the latest rate. Where is the logic in this?

These are some of the pain points in Centre-state financial relations which the forthcoming budget could address.

***Asim Dasgupta** was finance minister of West Bengal in the Left Front government, from 1987 to 2011. (as told to Debashish Mukerji)*

Need Booster Dose of Incentives

By G. M. RAO

Infrastructure is one of the growth engines for uplifting the economy and the special emphasis of the present government on infrastructure is laudable. Once infrastructure development is put in place, the economy is sure to grow and at a much faster pace.

Today, infrastructure companies have become untouchables and no bank is ready to provide them the required financing. Most infrastructure projects are of long duration, ranging from 25 to 60 years, with very long gestation periods. Most projects also take a minimum of five years to stabilise operations. There is no cost effective financing available for the longer duration (25 to 30 years) which is the biggest challenge the sector is facing today.

What Needs to Be Done

▶ The world over, bond markets are used to finance infrastructure. The absence of a developed corporate bond market in India like that in Europe and the US is affecting the growth of the sector. Indian infrastructure developers require 15 to 30 year bonds at fixed rates to finance projects.

▶ For this we have to ease access to bond markets for private developers and provide credit enhancement by multi-lateral agencies and bank guarantees to enhance ratings. This would enable infrastructure companies tap the long term insurance and pension funds.

▶ We do not have development financial institutions, and as of now only India Infrastructure Finance Co is assisting the sector in a limited way. Development financial institutions providing long-term funds at cheaper rates are essential to revive the growth sentiment .

▶ Today around 40 per cent of the adjusted net bank credit (ANBC) is for the priority sector (including agriculture). But the cost subsidisation given to it is offset by higher lending rates for the balance 60 per cent.

▶ The infrastructure sector should be given special status and taken out of the 100 per cent limit of ANBC for the calculation of priority sector. Alternately the infrastructure sector itself may be given priority sector status. This will bring down cost of funds by two to three per cent.

▶ When the infrastructure sector was opened up the government gave ample tax incentives, such as exemption from minimum alternate tax and dividend distribution tax. However, the situation today is that an infrastructure company has to pay effectively around 44 per cent as corporate tax and DDT and 34 per cent as MAT and DDT of its earnings, which is the highest across the globe. This limits the amount of internal accruals. If adequate incentives and tax holidays are offered, the private sector will participate in the development of infrastructure in the country.

***G.M. Rao** is GMR Group Chairman*

How to Revive Manufacturing

By B. MUTHURAMAN

The snail's pace growth of manufacturing is of concern to both the government and industry. Manufacturing needs to grow two to four per cent faster than the GDP to sustain equitable growth. But this has not happened. India's GDP has been growing at an average of 6.68 per cent for the last five years and for this financial year, it is expected to grow only at four to five per cent. Important sectors such as auto, capital goods, white goods, etc. and core sectors such as steel and cement have been under -performing since the last four quarters. On a positive note, the extension of the stimulus package to auto and capital goods sector by the Finance Minister is welcome and has risen hopes of the industry from the budget and the new government.

All eyes are now on the new government. Industry expects initiation of appropriate measures that will stimulate industry growth. The budget is around the corner and along with fiscal packages, industry has identified 10 areas that should be the focus of the new government to bolster growth.

1. Create demand and increase investments by expediting the process of clearances. Set up state level Project Monitoring Groups to monitor and fast-track project clearances at the state level. Expand the scope of the Cabinet Committee on Investment by reducing the threshold level of projects to ₹500 crore and eventually to ₹250 crore.
2. Create an Inter-ministerial Group on Manufacturing, chaired by the prime minister which should cover aligned ministries such as steel, mining and chemicals, as well as sector ministries such as labour, environment, etc. as a single point of contact.
3. Implement the delayed Goods and Service Tax (GST) without any further delay. No goods or services should be exempt from GST.

Industry has identified 10 areas that should be the new government's focus to boost growth

4. Allow 25 per cent accelerated depreciation for investment in plant and machinery. Reduce threshold limit of investment to ₹50 crore which would encourage mid-sized companies to participate as well. The quantum of deduction should be enhanced to 25 per cent and investment allowance should also be eligible for relief under minimum alternate tax provisions to avoid rendering this benefit notional. Correct inverted duty structure.
5. Focus and promote big ticket projects in sectors such as defence production, ship building, aircraft component manufacturing, textiles, information and communication technology hardware.
6. A quick move towards announcing policies such as a New Steel Policy 2012, a Chemicals Policy and a Textile Policy and further introducing policies such as the Scrappage Policy for commercial vehicles.
7. Resolve the mining conundrum
8. Promote industrial clusters and industrial parks to improve industry scale and employment opportunities.
9. Ease business regulations as it a connecting thread for investments and demand. The Confederation of Indian Industry through its Task Force on Ease of Doing Business has already submitted recommendations to the government on four parameters of land acquisition, taxation, starting a new business and contract enforcement.
10. Review and revisit the existing free trade agreements and comprehensive economic partnership agreements to arrest the export slowdown and simultaneously make inroads into new markets such as Africa, Latin America, etc.

India has a strong potential to build itself as a manufacturing hub. We need to regenerate our strengths and leverage them, in a strategic and streamlined process.

***B. Muthuraman** is Chairman, CII Manufacturing Council and Vice Chairman, Tata Steel*

Growing the Digital Economy

By RAJAN ANANDAN

With more than 200 million of them, and adding 4.5 million every month, India will surpass the US in the number of Internet users by the end of 2014. The other big change is that there are at least five Indian start-ups which have crossed a billion dollars in value: MakeMyTrip, Cleartrip, Snapdeal, Flipkart and InMobi.

The government can do a lot to create more billion dollar companies, starting with enabling the acceleration of broadband infrastructure. Most Indian mobile users access data on a narrow band network, where Internet speed is slow. Only 30 million out of 150 million are 3G users. The telecom companies need to roll out 3G and 4G networks faster, and increase the reach of fibre-to-home. The ₹20,000 crore National Optic Fibre Network project will be critical.

The other important thing is that FDI should be allowed in e-commerce. E-commerce, excluding ticketing, matrimony and travel has already crossed the three billion dollar mark, and has the potential to become a $100 billion industry in the coming years. The only constraint is investment. India will need another four to five billion dollar of investment to get there.

The government should also look at accelerating innovation. Israel has a total population of only eight million, but had 800 new start-ups which were funded last year. India had 200, which was double that of the previous year.

The government should focus on how to accelerate the innovation ecosystem by simplifying the incubation process, help entrepreneurs find ways of raising money. It should look at creating a pool of capital from where venture funds are able to raise funds. Over the next four to five, we should aim to create 2000 funded start-ups a year.

Internet can help in health care, education and tourism. The beauty of India should be taken to the 2.5 billion Internet users globally.

***Rajan Anandan** is Managing Director, Google India*
(as told to Sunny Sen)

Reeling from Policy Blunders

By JANG BAHADHUR SINGH SANGHA

In the UPA regime, there were some serious policy blunders committed, especially by the Planning Commission, which are impacting Indian agriculture.

The policy makers only focused on select crops, which are linked to a minimum support price (MSP), and practically left the other crops in the lurch. In the last four years, prices of fertilisers, diesel and labour have risen sharply. But not output prices. This has squeezed farm profitability and increased debt.

The production cost of high input crops has risen drastically compared to staples. The UPA government took the production cost of MSP crops as the benchmark, and failed to evaluate the impact on cash crops. The production of perishable cash crops is more vulnerable to the vagaries of the weather and the incidence of plant diseases and pests. My suggestion to Finance Minister Arun Jaitley is to help the Food Processing Ministry create customised value chains for different crops in their respective production hubs.

The policy for setting up food processing and integrated cold chains is not inclusive. The policy must empower the farmer and make him a partner in the value chain. At present, payments for farmers are linked to daily auction at markets. For sorted and graded high quality produce, farmers need to take precautions from the pre-harvest stage to the post-harvest stage. But they are not paid for this extra effort. Arun Jaitley must ensure through his Budget that the Indian farmer moves from *jugaad* to hi-tech precision based agricultural equipment – the efforts so far have been patchy. He must help the Indian farmer meet global benchmarks.

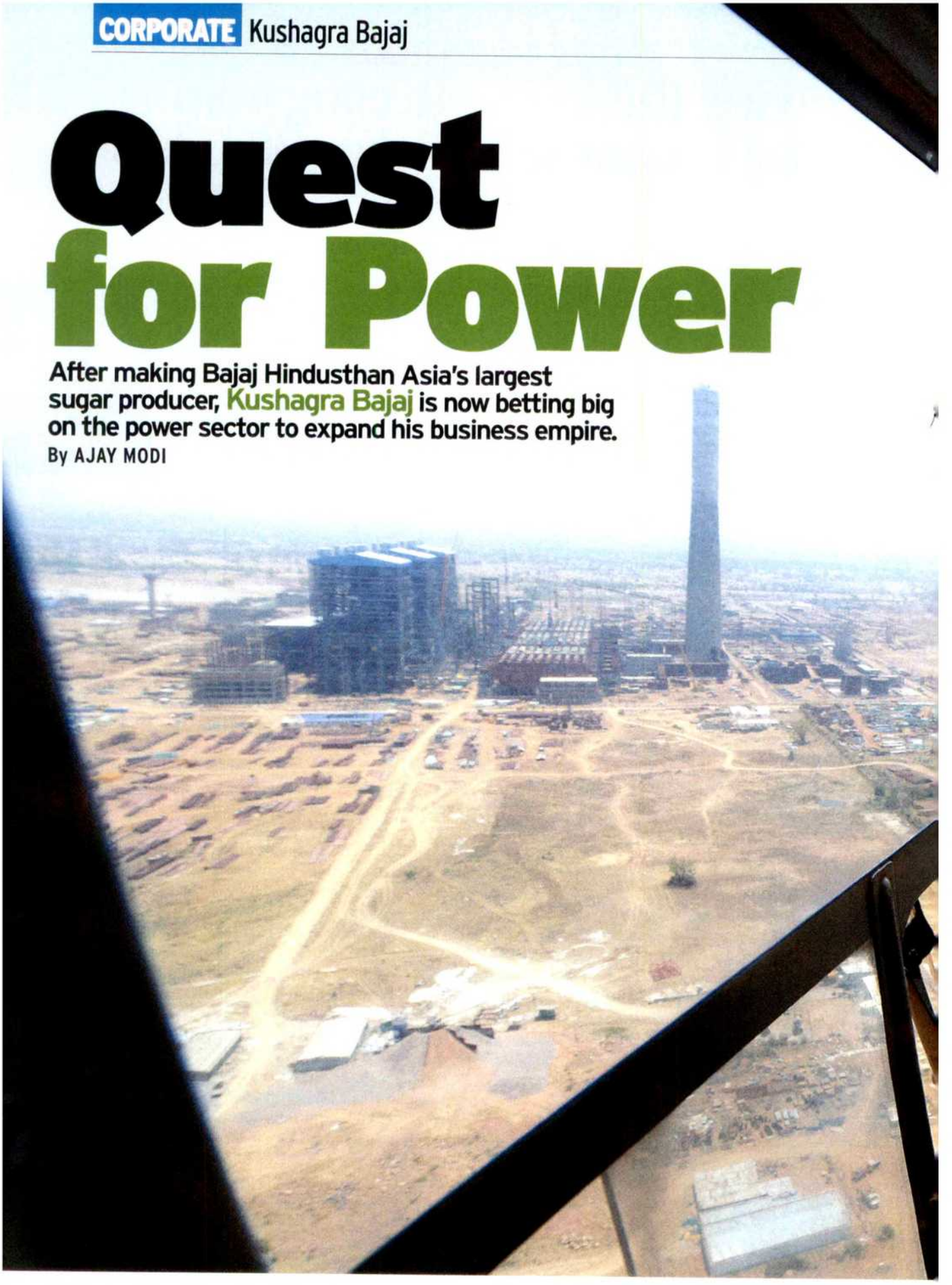
Jaitley must also bring back agriculture lending as a priority for Indian banks. In June 2010, the RBI changed the lending norms. It is now almost impossible for financial institutions to offer loans to farmers above ₹3 lakh at the sub-base rate. The RBI issued this order on the advice of the finance ministry, which needs to be revoked. Agricultural credit should be available below six per cent interest looking at the miserable growth figures of agriculture.

***Jang Bahadur Singh Sangha** is the country's biggest potato and maize farmer*

Quest for Power

After making Bajaj Hindusthan Asia's largest sugar producer, Kushagra Bajaj is now betting big on the power sector to expand his business empire.

By AJAY MODI

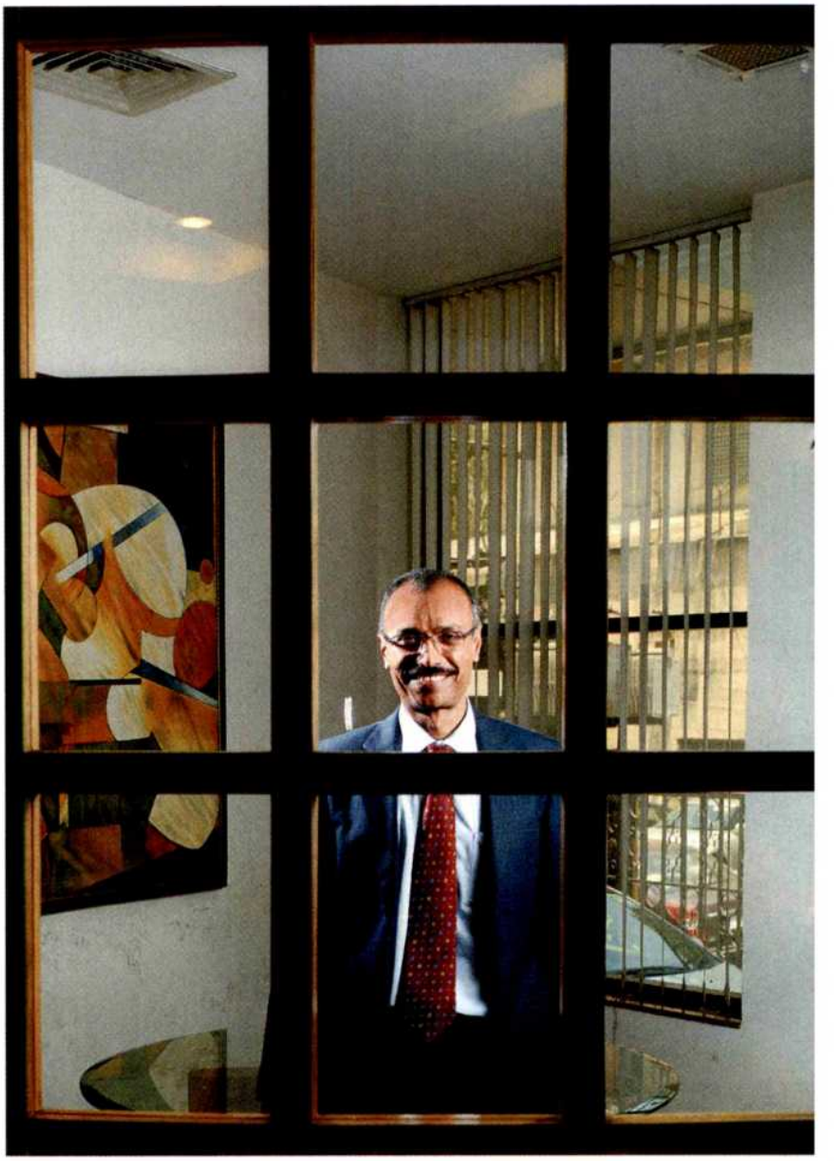


Flying high: Kushagra Bajaj at his power plant

Most people know Golagokarranath, in Uttar Pradesh's Terai region of Lakhimpur Kheri, for its Shiva temple. The believers trace the story of this temple to the Ramayana and like to call this place Mini Kashi (Kashi is another name for Varanasi).

To corporate historians, though, Golagokarranath acquired its claim to fame in 1931, when Jamnalal Bajaj set up his first sugar mill there, at the behest of Mahatma Gandhi. It is ironic, therefore, that this factory was at the core of a violent battle, one in which not a drop of blood was shed.

PHOTOGRAPHS BY SHEKHAR GHOSH/www.indiatodayimages.com



> "Nearly 7,500 people are working at the Lalitpur plant. By next year, the plant will become the biggest private power unit in Uttar Pradesh"
>
> K.J. Varkey, CEO, Lalitpur Power

Father to Son

In 2000, Kushagra Bajaj completed his Master of Science in Marketing from the Kellogg School, in Northwestern University of the United States, and came to India to join the family business in what he may have thought would be a blaze of glory. He soon realised he was not much wanted.

The Bajaj empire, with interests in two- and three-wheelers, electrical appliances, finance, sugar, and consumer products, was controlled by Jamnalal's grandsons Rahul and Shishir (sons of Kamalnayan), and Shekhar, Niraj and Madhur (sons of Ramakrishna). The five were so thick it was difficult to make out from the outside who was the brother and who the cousin. Rahul was the head of the family as well as business and the other four deferred to him.

Curiously, it was Rahul's brother Shishir who first spoke of separation. At a family gathering in 2001, he said he wanted to become independent and take away the two businesses he managed: sugar (Bajaj Hindusthan) and personal care (now called Bajaj Corp).

Shishir's brother and cousins did not take him seriously. So he repeated his plea six months later. By now, everyone knew that Shishir's voice was merely carrying the words of his son Kushagra. Shishir's own words were reserved for his son, expressed in private: "Do not destroy what I have built."

He is unlikely to be disappointed by what has transpired in the 13 years since then. His part of the family business, which became officially his and Kushagra's only in a family settlement of 2008, has grown from revenues of ₹400 crore in 2001/02 to ₹10,500 crore. Much of this increase came from sugar.

And now, Kushagra, Vice Chairman of Bajaj Group, has already had enough of sugar. If all goes to plan, his group's revenue will jump to ₹22,000 crore in a year, coming from power, sugar, ethanol, personal care, real estate and infrastructure. That power gets the first mention in that list is deliberate. Kushagra would no longer be known as primarily a sugar

Video interview with Kushagra Bajaj at www.businesstoday.in/kushagra-bajaj

producer; power will bring in a bigger share of the revenues. And he may be known much better outside India than he is now.

"We are thinking of doing a new business outside the country. We are drawing up plans. We will invest roughly ₹30,000 crore. I cannot share the details at this moment but it will be completely different from the sectors in which we currently operate. We will make an announcement towards the end of this calendar year," he says.

Falling Out of Love

At 37, Kushagra is several years younger to Rahul's sons Rajiv (who runs Bajaj Auto) and Sanjiv (who heads the finance arm). He would also be several inches shorter and several kilos lighter. But his wispy frame exudes a nervous energy, evident in his torrential speech, and naked ambition.

The ambition was in full view when, in just four years to 2007, he invested ₹4,500 crore to set up 12 new sugar mills to become Asia's largest producer. This was the first business Kushagra took by the scruff of its neck and on to a breakneck expansion. When he acquired land for the first mill, he spent several days and nights at the site, sleeping on a charpoy in the open.

At the same time, he did not forget his roots. A vegetarian and teetotaller, he refused to get into the highly profitable alcohol business, which many see as a natural progression since molasses is a byproduct in the making of sugar. The farthest he has gone in that direction is into making ethanol. Bajaj Hindusthan sells its surplus molasses to other alcohol makers.

The same beloved sugar is now filling Kushagra with bitterness, for the business is not as palatable as it used to be. The Union Government controls sugar prices, while states keep raising sugarcane prices to please farmers – a sizeable vote bank. Former Prime Minister Manmohan Singh's Economic Advisory Council, headed by C. Rangarajan, said the prices of sugarcane, the key ingredient, ought to be linked to sugar prices, but there was no listening in states like Uttar Pradesh, where Bajaj has all his 14 mills. The industry has seen two consecutive years of losses. Bajaj Hindusthan made a loss of ₹1,533 crore in 18 months ended March 2014 (the company moved from October-September year to April-March year). The loss in 2011/12 was ₹234 crore.

The sugar industry is confident that power will be a good move for Bajaj. "Kushagra Bajaj is a smart businessman. He must have done all his calculations before getting into power. We wish him all the best," said Gaurav Goel, Managing Director, Dhampur Sugars, a company that runs five mills in UP.

"This is the first business I built and expanded. But I have no control over things anymore. I have left it to God. If they bring in a formula for sugarcane pricing, we will rake it in. But right now the future is bleak," says Bajaj. He has not made any investment in the business since 2007. At the same time, he is glad for the experience. "It has made me tough.

BAJAJ GROUP'S POWER PLANS

Bajaj Hindusthan has bagasse-based power generation of 430MW. After meeting captive demand of 14 sugar mills, 105MW is sold to UP Grid

Bajaj Energy has 450MW thermal power generation in UP, commissioned in 2012, with an investment of ₹2,400 crore

Current power revenues in excess of ₹2,000 crore annually

Bajaj's Lalitpur Power Generation is setting up a 1,980MW thermal power plant in UP at an investment of ₹12,000 crore

Once the plant is operational in Q4 of 2014/15, it will bring annual revenues of ₹10,000 crore to the Group

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> "We have a plan to enter new geographies. We have set up a subsidiary in Bangladesh. A subsidiary has also been set up in the UAE to cater to the Gulf countries"
>
> Sumit Malhotra, MD, Bajaj Corporation

The good thing is that it has not taken away my hunger to grow."

He is trying to douse that hunger in power.

Power Play

In Lalitpur, a heart-shaped district in UP's Bundelkhand region, one can see a sudden sprouting of *pucca* houses in the Mirchbada village (which has 2,500 people) and Baragaon (8,000). Those are the closest settlements to a 1,980 mega watt power plant Bajaj is building at a cost of ₹12,000 crore, his single biggest investment to date.

Many residents of the two villages, and of other, farther ones, have found jobs at the site. In cases, both father and son are working at the plant. To them, Bajaj is a gift from heaven. The day his helicopter lands, which is almost every other month, is an event in their lives. It causes a stir among the locals as well as the managers and workers at the plant. The first and last vehicles in his convoy of more than a dozen vehicles, which assembles in a flash once the helicopter has landed, are usually police jeeps.

K.J. Varkey, Chief Executive Officer of Lalitpur Power Generation, who joined Bajaj from Gurgaon-based infrastructure company Lanco over a year ago, says nearly 7,500 people are working at the site. He expects the first unit to start producing electricity by December, and all three by June next year. The plant will then become the biggest private power unit in UP, overtaking Reliance Power's 1,200 MW Rosa Power Plant in Shahjahanpur. Jaypee Group is setting up a plant at Bara, Allahabad, which will be of the same size as Bajaj's.

"The country definitely needs more power to grow and there is enough space for more serious players in the sector," says K. Rajagopal, Director and CEO of Lanco Power, which itself has a capacity of 4,000 MW.

Bajaj's plant can grow further. There is enough land, as well as approvals, to double the capacity at Lalitpur. However, there is not enough coal to do that, despite an agreement with Coal India for half the current requirement of 16 million tonnes a year, and ad hoc arrangements for another 20 per cent.

The coal supply may get better

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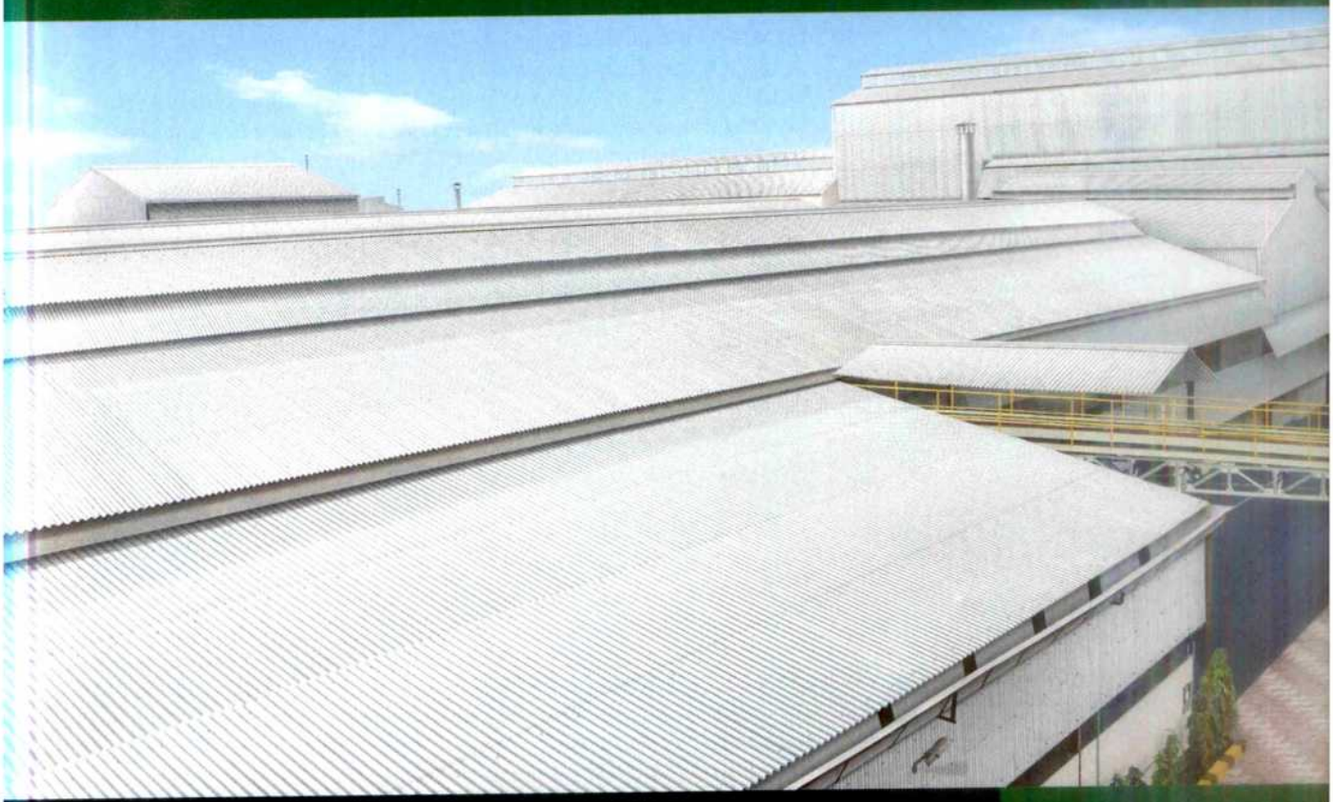

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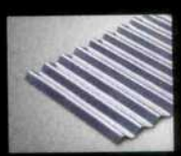

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THE JOURNEY OF BAJAJ HINDUSTHAN

1931
Incorporation of Hindusthan Sugar Mills with first mill at Gola (Uttar Pradesh) with 400 tonne crushed daily (TCD) capacity

1944
Distillery set up at Gola

1988
Hindusthan Sugar renamed Bajaj Hindusthan

2001
Revenues at ₹330 crore, profit at ₹8.3 crore

2004
Sugar mill and distillery set up in UP

2005
Three new mills set up in UP

2006
Four new mills set up in UP

2007
Three new mills and distilleries set up in UP. The company becomes biggest sugar player in Asia, with a total sugarcane crushing capacity of 136,000 TCD and distillery capacity of 800 kilolitres per day

2014
Revenue ₹6,644 crore, loss ₹1,533 crore for 18 months ended March 2014

soon. Bajaj acquired an Indonesian coal mine three years ago. "The mine has been developed by us and has certified reserves of 100 million tonnes," says Manoj Maheshwari, Group CFO of Bajaj Hindusthan.

Even if there was enough coal, would it be a wise move to double capacity, given the capricious nature of state electricity boards? "We have signed power purchase agreements with the UP government for 25 years, which guarantees us a 15.5 per cent annual return on investments. Over a period of 25 years, this power plant will generate ₹62,500 crore cash for the company after repaying the debt," says Bajaj. "The money received by the board against power supplied from our plant will go into an escrow account linked to our banks."

Bajaj Hindusthan already has operational thermal power capacity of 450 MW, set up in 2012 at ₹2,400 crore. It has another 430 MW of green power, generated from bagasse. Of this, 105 MW is sold to the UP grid and the rest consumed by the 14 sugar mills.

"I find Kushagra extremely hands-on in everything he does. He has a great fighting spirit. In spite of all the problems of the sugar business, he has never given up. The diversification is a good decision," says R.K. Panpalia, Managing Director, Wave Group, who spent 11 years with Kushagra and played a key role in the expansion of his sugar business.

Profit Makers

As power is slated to overtake sugar in investments and importance, Kushagra's personal care company, Bajaj Corp, outshines every other with its profitability.

It was once known as Bajaj Sevashram. Its importance declined as other businesses, such as two- and three-wheelers, grew, and Bajaj Sevashram became the holding company for the undivided group's various businesses. At one point, its dividend earning was higher than its operating profit, says Sumit Malhotra, Managing Director of Bajaj Corp.

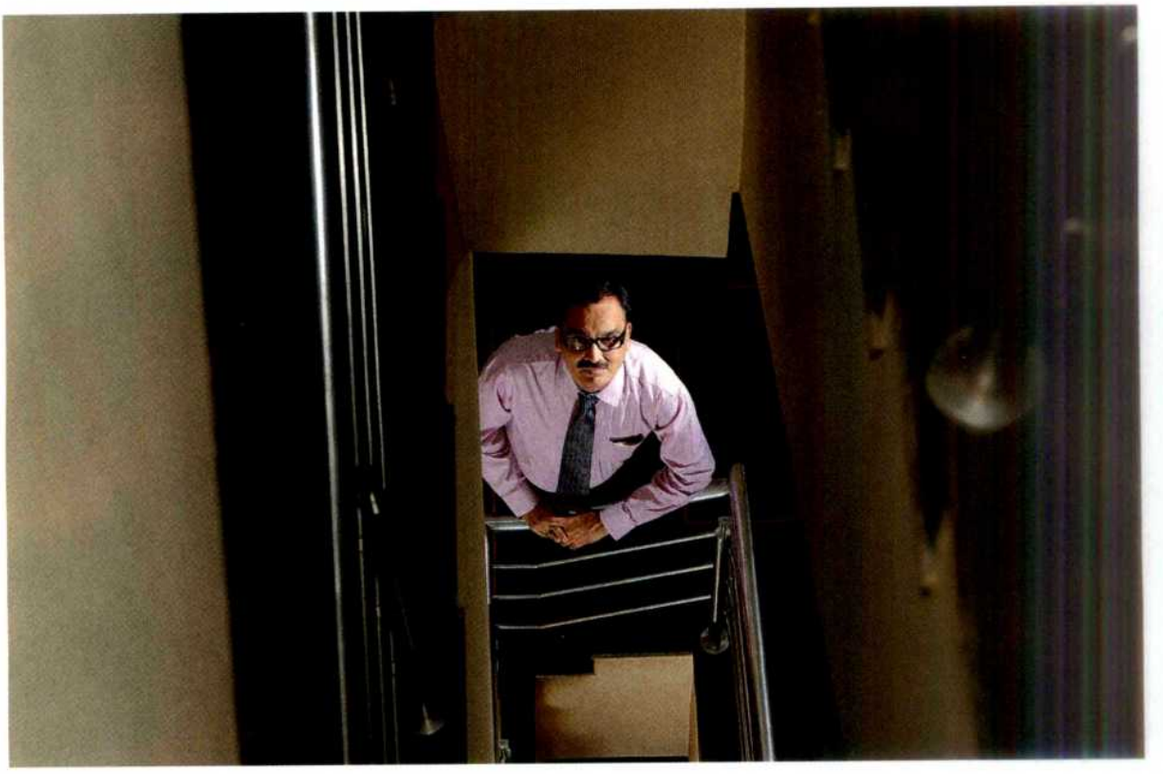
In 2001, the operational part of Bajaj Sevashram was transferred to Bajaj Consumer Care. It was listed in 2010 as Bajaj Corp and today has a market cap of ₹3,500 crore. Investors are enthused by its net profit of ₹150 crore on sales of ₹672 crore. In 2004, when Malhotra joined the company, its annual revenue was just ₹68 crore. In a report in April 2014, JM Financial said the company had an opportunity to increase market share and sustain the high growth trend.

"The FMCG business started getting importance only after Kushagra joined the group. He was keen to scale it up. We have grown from two factories to 16," says Malhotra. His target is to reach a turnover of ₹2,000 crore in three years. "We have a plan to enter new geographies. We have set up a subsidiary in Bangladesh and will man-

BAJAJ CORPORATION

	2009/10	2013/14
Net sales	₹294 crore	₹672 crore
Net profit	₹84 crore	₹150 crore
EBIDTA margin	29.51%	27.83%
Market share in Light Hair Oil	50.7 %	59.5%
Number of SKUs	23	44

Source: Company



> "An Indonesian coal mine has been developed by us and has certified reserves of 100 million tonnes"
>
> Manoj Maheshwari,
> Group CFO, Bajaj Hindusthan

ufacture and market products there. A subsidiary has also been recently set up in the UAE to cater to the Gulf countries."

Its main product, almond oil, has a tenth of the domestic branded hair oil market after Parachute and Dabur Amla. "If things go right, we will be the second-largest player in another year," says Malhotra of Bajaj Corp.

Bajaj Corp, a debt-free company with cash reserves of ₹400 crore, recently acquired skin care brand No Marks from Ozone Ayurvedics for ₹140 crore, and is looking for more acquisitions, especially overseas, so that it gets a ready distribution chain. "We never did an acquisition. If we are able to integrate [No Marks] and turn it around, we can look at bigger acquisitions," says Bajaj.

There is another high-profit business in Kushagra's fold: real estate, privately held by the family. Though small in size, it generated ₹110 crore in profit on sales of ₹300 crore.

Miles to Go

Kushagra wants to one day be counted among the world's richest and most powerful businessmen. The trouble is, as he concedes with a chuckle, "I have no clue how to get there. I have miles to go. The probability of getting there would be zero."

Stopping him in his tracks would be the high debt accumulated by Bajaj Hindusthan (₹7,000 crore), Lalitpur Power Generation (₹5,000 crore), and Bajaj Energy (₹1,700 crore). But Maheshwari, who has spent over six years in the group, says debt will get addressed once the Uttar Pradesh government puts in place a rational mechanism for sugarcane pricing. "The interest payment in Bajaj Hindusthan is being made in time. We have been able to get support from banks for operations."

Then there is Kushagra's complete devotion to the job at hand. "I do not socialise, most people have now stopped inviting me to parties," he says. His favourite entertainment is watching *Mahabharat* on television with wife Vasavadatta (sister to Aditya Birla Group chief Kumar Mangalam Birla) and their three children: sons Yugadikrit and Vishwarupe and daughter Anandamayi.

Looking back at his spat with uncle Rahul, Kushagra feels glad that his father Shishir stood by him. The father would be glad that none of what he had built has been destroyed. ◆

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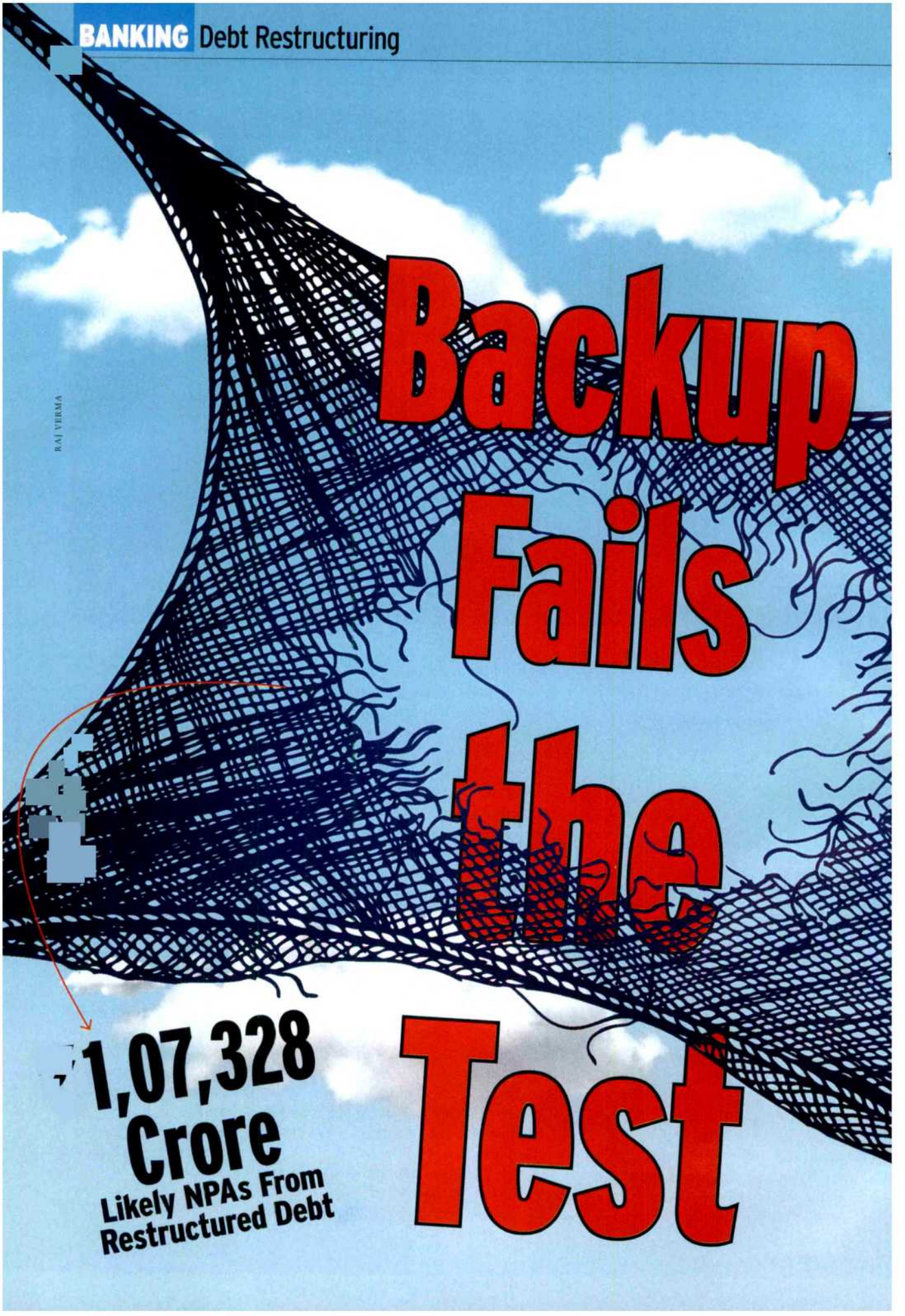

Backup Fails the Test

1,07,328 Crore
Likely NPAs From Restructured Debt

RAJ VERMA

THE CDR SYSTEM SEEMS TO BE FAILING AS MANY CORPORATES ARE GOING DOWN DESPITE HUGE DEBT RESTRUCTURING PACKAGES, THEREBY EXPOSING THE LENDING BANKS TO HUGE RISKS.

By ANAND ADHIKARI

It was on February 24, 2013, that *Life of Pi* won an Oscar award for best visual effects (VFX). A few days before that, on February 11, the VFX company based in Los Angeles that did the visual effects, Rhythm and Hues, had filed for Chapter 11 bankruptcy. On March 29, 2013, Los Angeles-based Prana Studios won the bankruptcy auction of the reputable firm that had made *X-Men, The Golden Compass* and *Incredible Hunk*.

In the US, when a company fails to service its debt or pay back its creditors, it can approach a federal bankruptcy court for protection either under Chapter 11 or 7 of the US Bankruptcy Code. While under Chapter 11 a debtor remains in control of the business and has to restructure it under the watchful eyes of the court, under Chapter 7, the business is shut, assets sold and the proceeds handed over to creditor(s). In 2013, 11,07,699 petitions were filed by individual businesses in the US courts under Chapter 11.

A remarkable aspect of the US bankruptcy law is the speed at which Chapter 11 or 7 proceedings reach its logical conclusion. India too has its own process that comprises debt restructuring as the first step. If it fails, this is followed by recovery through Debt Recovery Tribunals (DRTs) as envisaged in the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest

REASONS ARE...

- Unrealistic financial projections
- Delay on the part of consortium banks to release funds
- No serious analysis of worse case economic scenarios or likely competition
- Promoters delaying asset or land sale
- Promoters, management not taking pay cuts

"The economic situation should improve because banks don't have the wherewithal to manage a growing number of stressed assets in the system."

A KRISHNA KUMAR, Managing Director , State Bank of India

(SARFESI) Act 2002.

In fact, entrepreneurs and shareholders are more protected in India than the US. However, Indian promoters are emotionally attached to their businesses and so are reluctant to give away control. Many promoters in distress approach Corporate Debt Restructuring (CDR) cell for easy credit. The CDR mechanism was created in early 2000 to help distressed corporates with a loan exposure of over ₹10 crore. If a CDR fails, the asset is classified as an NPA.

There are instances where the banks have rejected CDR proposals. In 2013/14, the CDR cell set aside 111 cases together worth ₹57,540 crore. "The proposal must qualify certain financial criteria and the Techno-Economic Viability (TEV) report must show possibility of revival," says Bijan Mohanty, a Non-Performing Asset (NPA) consultant and an ex-banker.

The banks, too dither in declaring a stressed asset as an NPA and are known to restructure debt liberally. The firms in the red approach the CDR Cell for a suspension on interest payment and also an extension in repayment period. "Both the lender and the borrower try to avoid being classified as an NPA. The idea is to buy time so that some divine intervention sets things right," says Mohanty.

RBI Governor Raghuram Rajan had warned banks against artificial fixes to avoid NPAs. "This is a wrong way to resolve a problem. Postponing recognition won't help. It is not paying today and it won't pay tomorrow," Rajan had said. His reservation is well-founded. As on March 31, 2014, the assets under debt restructuring have touched 5.2 per cent of the total advances made by the banks and is pegged at ₹3,67,760 crore. This is much above the NPA level of 3.9 per cent or ₹2,68,320 crore.

Now there is another danger looming large over the banks. According to Ramraj Pai, ratings head of Crisil Ltd, ideally the failure of CDR cases is 12 to 15 per cent. "But this percentage is now expected to touch 30 per cent," he says. Also the size of restructured assets is burgeoning. "The average size was ₹50 crore to ₹100 crore in 2008/09. Now it is ₹1,000 crore," says Pai. This implies that many banks will face huge exposure if debt restructuring cases fail.

BHARTI SHIPYARD

Banks restructured company's debt of ₹2,850 crore in April '12

₹5.95 CRORE

Profit in Mar'12

₹600 CRORE

Losses in Mar'14

A case in point is that of GTL Group, a telecom infrastructure provider, which is reeling under losses despite banks restructuring its 10,500-crore debt some two and a half years ago. But the GTL spokesperson says that the group companies are not struggling to pay its debt. "In fact, the companies have made payments of over Rs 3,500 crore to its lenders in the last 30 months," the company says. It attributes the net loss to the fact that the group operates in capital-intensive industries like telecom tower and power distribution. "This results in high non-cash expenditure," says the spokesperson.

The other tottering CDR cases include Mumbai-based Bharati Shipyard Ltd, Hotel Leela Venture Ltd, 3i Infotech, K S Oils Ltd, Varun Industries Ltd, Murli Industries Ltd, Surya Pharma and so on. Pai says that as the initial moratorium of 12 months to 18 months is getting over, a lot of assets are now coming up for payment. A 90-day delay in interest payment will automatically shift these assets from the restructured category to NPAs.

Most firms in the red blame it on slowing economy. But the argument does not hold good as many corporates like the Hindustan Construction Company (HCC) are on revival path. The firm was brought under CDR in early 2012. In 2013/14, it made a profit of Rs 80 crore and the consolidated loss is down from ₹590 crore in March 2012 to ₹386 crore in March 2014. Other firms that are turning pink in health through the CDR route include Essar Oil, Wockhardt and

India Cements.

So why do some CDRs fail to kick in? No doubt that the banks have been quite liberal in bailing out companies. For instance, the market regulator SEBI in December 2010 had barred the promoters of Nagpur-based Murli Industries Ltd from trading shares. They were found hand in glove with broker Sanjay Dangi in market manipulation. Three months later banks approved a CDR package for the company. But the promoters failed to bring the promised money into the company.

In September 2013, they pulled out of CDR and approached the Board for Industrial and Financial Reconstruction (BIFR) by declaring the firm as sick. Under the BIFR Act, the company is restrained from disposing off any assets. This puts the lenders in a fix as they cannot start the recovery process. A similar case was that of Paramount Communication Ltd. In 2010, the company got a CDR package but failed to turn it around. Three years on it approached the BIFR.

"Trust and integrity deficit is a factor even though no state-owned banker would go on record," says ex-banker Mohanty. Though most of the stressed cases are with state-owned banks, a CEO of such a bank said, "It is but natural for the state-owned banks to have a higher share because we control two-third of the banking in terms of advances and deposits."

An RBI estimate says between 2001 and 2013, the share of state-owned banks in the total NPA went up from 75 per cent to 85 per cent while the share of its advances increased marginally from 74 per cent to 76 per cent. In contrast, the share of private banks in the total NPA has dipped from 14 per cent in 2003 to 8 per cent in 2013. Brijesh Mehra, Managing Director, Royal Bank of Scotland (RBS) India, says the public sector banks tend to be more lenient in asset restructuring because the legacy of such banks have been development. "And so very often Indian promoters got their assets restructured without putting incremental equity of their own. This is what the regulators are looking to change," he says. Many also point to the loosely constructed CDR conditions based on promoters' promises as one of the reasons for the CDR failures. For instance, any demerger of a business takes at least a year. Market experts say the conditions like bringing in a private equity player, sale of land or business demerger should be time-bound or should be done before clearing the CDR. In 2013/14, the CDR cell reported over 120 cases of failure with debt close to ₹30,000 crore.

Monitoring of CDR cases is another big issue. The banks don't have enough resources to oversee the large number of restructuring cases. "In a multi-bank scenario, an external or neutral monitory agency to oversee CDR cases is an option," says Mehra.

CDR failures have put a question mark on the restructuring process. It erodes asset value and affects bank's profitability. For instance, ₹7,000 crore of banks have gone down the drain in restructuring Kingfisher Airlines. "If promoters continue to get patronage, the system will remain chocked," say Pai of Crisil Ltd.

So is there a way out? The RBI has been tightening the CDR regulations to bring it on a par with global practices. Come April 2015 and a newly-restructured account with will be treated as an NPA and provisioning on the account has been raised to 5 per cent. The banks too leave much to be desired of them. "Banks should look for early warning signs in a company before the account becomes a problem," says Pai.

The corporate sector also should not over-leverage. "The economic situation should improve as banks don't have the wherewithal to manage the growing number of stressed assets in the system," says A Krishna Kumar, Managing Director of State Bank of India. ◆

@anandadhikari

GTL GROUP

Banks restructured company's debt of ₹10,500 crore in Dec '11

₹770 CRORE

Losses in Mar'12

₹1,020 CRORE

Losses in Mar'14

A lot of restructured debt is coming up for payment as the initial moratorium period of 12 months to 18 months on interest payment is getting over. We are seeing some slippages taking place.

RAMRAJ PAI, President , CRISIL Ltd

Strengthen the Core

CEOs at *BT* Power Breakfast in Chennai were unanimous in the view that India too can build infrastructure ahead of demand. By N. MADHAVAN

PHOTOGRAPHS BY JAISON G

Building thoughts: (Seated, from left) Nigel Harris, President, Ford India; Pashupathy Gopalan, President and MD - Asia, SunEdison; Ranganath N.K., MD, Grundfos Pumps; and Ravichandran Purushothaman, President, Danfoss India. (Standing, from left) Ravindra Sannareddy, MD, Sri City; Suveen K. Sinha, Executive Editor, *Business Today*; Dhiraj Mehta, General Manager, Trident Chennai; A.V. Dharmakrishnan, CEO, Ramco Cements; R. Ramaraj, serial entrepreneur and Co-founder, Sify; and L. Ramkumar, MD, Tube Investments of India

Indian companies have mastered the art of managing with little and finding ingenious ways to overcome shortages. This is especially true with respect to infrastructure, whether it is power, roads or ports. Can the Narendra Modi government, backed by a massive mandate, bring about a change?

This and many other thoughts occupied the minds of the CEOs who had assembled at Trident Chennai for *Business Today*'s Power Breakfast organised in association with The Oberoi Group on June 23.

The topic of discussion over a sumptuous breakfast was *It is time to build infrastructure ahead of demand.* The panellists included Nigel Harris, President, Ford India; L. Ramkumar, Managing Director, Tube Investments of India; A.V. Dharmakrishnan, CEO, Ramco Cements; Ravindra Sannareddy, MD,

Sri City; Pashupathy Gopalan, President and MD - Asia, SunEdison; Ravichandran Purushothaman, President, Danfoss India; Ranganath N.K., MD, Grundfos Pumps; and R. Ramaraj, serial entrepreneur and Co-founder, Sify. The discussion was moderated by Suveen Sinha, Executive Editor, *Business Today*. Dhiraj Mehta, General Manager at Trident Chennai, hosted the event.

The discussion initially revolved around the problems. Sri City's Sannareddy started the proceedings by pointing out that India had lost an opportunity to bridge the infrastructure gap when it failed to effectively implement the special economic zones (SEZ) policy. "It is unfortunate that even 20 years after opening up our economy, we are still talking of infrastructure shortages," he said. His frustration stemmed from the fact that as head of a multi-product SEZ, the infrastructure shortcomings blunted his otherwise strong sales pitch. Sri City, located in Andhra Pradesh about 100 km from Chennai, is spread over an area of 6,000 acres and has investments by over 100 companies from 25 countries. It is one of the very few SEZ success stories in the country.

Ford's Harris said that by 2020, the size of the car industry will touch seven million units annually. Even if India had the third-longest road network after China and the US, he is still unsure if the country can handle so many cars that will hit the roads.

The problems are not just restricted to infrastructure creation. What happens when there isn't adequate infrastructure to operate facilities that are already on the ground, asked Dharmakrishnan of Ramco Cements. "We have a large wind energy capacity in Tamil Nadu which has a power deficit. But for a large period of time, we are forced to keep the windmills idle as there is no evacuation capacity for the wind power generated," he added. No wonder the World Economic Forum has ranked India 85th among 145 nations when it comes to infrastructure.

Nigel Harris
President, Ford India

To support industry they (China) create infrastructure. The speed is amazing and execution is very good

Pashupathy Gopalan
President & MD - Asia, SunEdison

Under the right conditions only infrastructure can give returns of 15 per cent over 25-30 years

Ranganath N.K.
MD, Grundfos Pumps

Our planning is skewed. We don't look at a 25 to 30-year planning cycle

"When there is so much of demand (for infrastructure), the players in the sector should ideally be making a lot of money, but that is not happening. Why," asked Sannareddy. This turned the discussion to planning. "We do not think through infrastructure projects enough," pointed out Ramaraj. He gave the example of Chennai's IT Corridor where knowledge-based industries have flocked. Many housing projects have come up in the area, but there are few takers as the traffic congestion has driven up the travel time to the city. Ranganath of Grundfos Pumps agreed: "Our planning is skewed. We don't look at a 25 to 30-year planning cycle."

Danfoss India's Purushothaman chipped in with an interesting data that exposed the country's lack of comprehensive planning. "In the last 10 years, India has made significant progress in the horticulture sector. We produce 30 per cent of the world's bananas, 40 per cent of mangoes, 15 per cent of milk and four per cent of meat, but 95 per cent of cold storage investment in this period has gone into onion and potato," he said, adding: "Consequently, even when food inflation is at seven per cent levels, we waste 35 to 50 per cent of our 180 million vegetable output." Worse still, only four per cent of investment in the transport sector is in refrigerated trucks, while it is as high as 30 per cent in Brazil and Thailand, he added.

If planning is patchy, execution is terrible. "Land is a big issue. There is no clarity on acquisition and resettlement," said Gopalan of SunEdison. "A few years ago, we acquired as much as 8,000 acres of land for Sri City without any issues. Today, we will not be able to acquire even 10 acres. The new Land Acquisition Act has swung the pendulum to the other side," Sannareddy pointed out. Then there are issues of clearances,

Ravichandran Purushothaman
President, Danfoss India

Even when food inflation is at seven per cent, we waste 35-50 per cent of our vegetable output

Ravindra Sannareddy
MD, Sri City

It is unfortunate that even 20 years after opening up, we are still talking of infrastructure shortages

A.V. Dharmakrishnan
CEO, Ramco

We are forced to keep the windmills idle as there is no evacuation capacity for the wind power generated

R. Ramaraj,
Serial entrepreneur & Co-founder, Sify

Telecom infrastructure was built when no one knew when the operators will make money

Purushothaman said that 32 different approvals are required to set up a cold storage project. *BT*'s Sinha chipped in with some distressing data. He gave the instance of a company whose power project file had to move through 1,568 desks before approval. Lack of policy consistency and corruption too weigh in.

What about funding? Most panellists agreed it was not an issue. "Telecom infrastructure was built when no one knew when the operators will make money," pointed out Ramaraj. The governments are spending a lot of money on welfare schemes. Some of it can be used for infrastructure development, said Sannareddy. Ranganath said there are many instances of projects which are sound finding the required money. Dharmakrishnan recalled the days when he had to spend close to 15 days in Mumbai to raise ₹1 crore. Today bank chairmen come calling asking if the company needs ₹1,000 crore or more of funding, he said. The lone voice of caution was Gopalan who felt that long-term money is critical. "We need long-term money with tenure of 20 to 30 years and that will come only if there is security and adequate return."

Ramkumar of Tube Investments of India blamed the lack of long-term funding and consequently the high rate of interest for infrastructure funding on the risk element. "In India, policy inconsistency and corruption offer very little certainty when it comes to timely completion of projects," he said. If there is a clear policy framework and improved ease in doing business then the risk factor will reduce. "This will make infrastructure funding one of the safest investment option," he added. It will also make infrastructure as a business attractive. "Under the right conditions only infrastructure can give returns to the tune of 15 per cent over a 25 to 30-year period," Gopalan added.

L. Ramkumar
MD, Tube Investments of India

Policy inconsistency and corruption offer very little certainty when it comes to projects' timely completion

The discussion then veered towards China. How is China managing to build infrastructure so efficiently? Harris, who spent over six years in Ford China before coming to India, attributed it to its planned economy approach. "They want to improve the state of the people and industrialisation is their way forward. To support the industry, they create infrastructure. The speed is amazing and the execution is very good," he said.

So, what should the Narendra Modi government do to pull the country out of the infrastructure quagmire? The panel was unanimous in its recommendation: have a clear policy framework, eliminate corruption, improve the ease of doing business and ensure policy certainty. ◆

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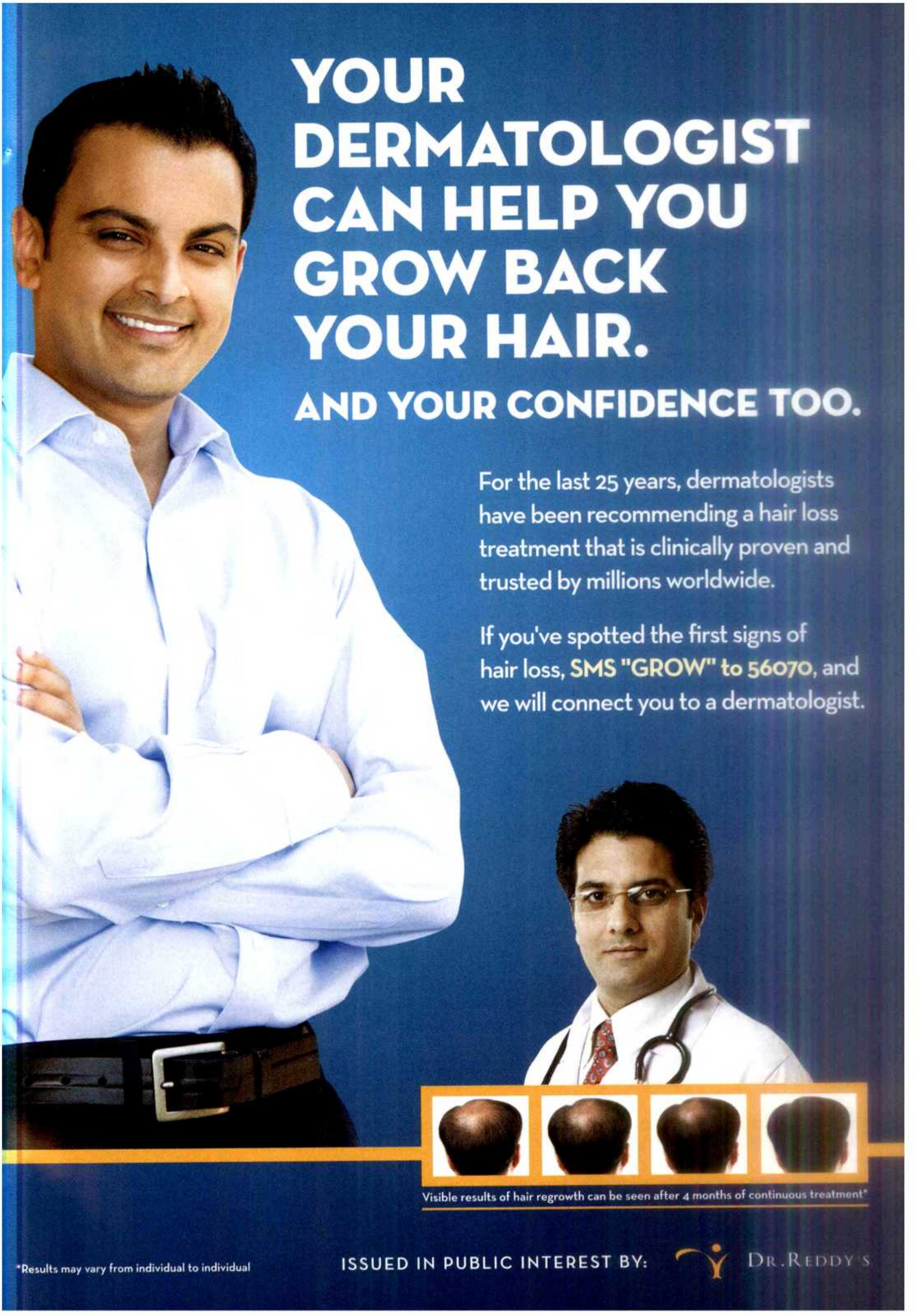
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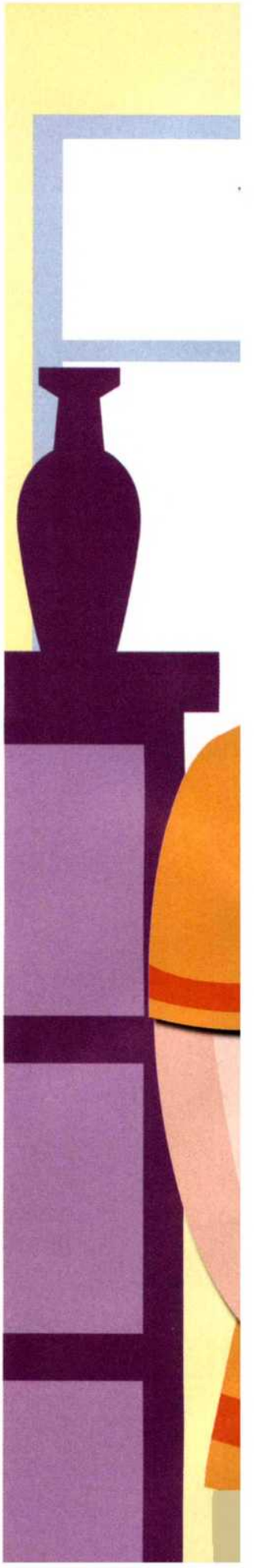
Harvard Business Review

Manage Your Work, Manage Your Life

ZERO IN ON WHAT REALLY MATTERS.

By BORIS GROYSBERG and ROBIN ABRAHAMS



ILLUSTRATIONS BY RAJ VERMA

Work/life balance is at best an elusive ideal and at worst a complete myth, today's senior executives will tell you. But by making deliberate choices about which opportunities they'll pursue and which they'll decline, rather than simply reacting to emergencies, leaders can and do engage meaningfully with work, family, and community. They've discovered through hard experience that prospering in the senior ranks is a matter of carefully combining work and home so as not to lose themselves, their loved ones, or their foothold on success. Those who do this most effectively involve their families in work decisions and activities. They also vigilantly manage their own human capital, endeavouring to give both work and home their due – over a period of years, not weeks or days.

That's how the 21st-century business leaders in our research said they reconcile their professional and personal lives. In this article we draw on five years' worth of interviews with almost 4,000 executives worldwide, conducted by students at Harvard Business School, and a survey of 82 executives in an HBS leadership course.

Deliberate choices don't guarantee complete control. Life sometimes takes over, whether it's a parent's dementia or a teenager's car accident. But many of the executives we've studied – men and women alike – have sustained their momentum during such challenges while staying connected to their families. Their stories and advice reflect five

main themes: defining success for yourself, managing technology, building support networks at work and at home, travelling or relocating selectively, and collaborating with your partner.

Defining Success for Yourself

When you are leading a major project, you determine early on what a win should look like. The same principle applies to leading a deliberate life: You have to define what success means to you – understanding, of course, that your definition will evolve over time.

Executives' definitions of professional and personal success run a gamut from the tactical to the conceptual (See *How Leaders Define Work/Life "Wins"*). For one leader, it means being home at least four nights a week. For another, it means understanding what's going on in the lives of family members. For a third, it's about having emotional energy at both work and home.

Some intriguing gender differences emerged in our survey data: In defining professional success, women place more value than men do on individual achievement, having passion for their work, receiving respect, and making a difference, but less value on organisational achievement and ongoing learning and development. A lower percentage of women than of men list financial achievement as an aspect of personal or professional success. Rewarding relationships are by far the most common element of personal success for both sexes, but men list merely having a family as an indicator of success, whereas women describe what a good family life looks like to them. Women are also more likely to mention the importance of friends and community as well as family.

The survey responses consisted of short phrases and lists, but in the interviews executives often defined personal success by telling a story or describing an ideal self or moment in time. Such narratives and self-concepts serve as motivational goalposts, helping people prioritise activities and make sense of conflicts and inconsistencies.

When work and family responsibilities collide, for example, men may lay claim to the cultural narrative of the good provider. Several male executives who admitted to spending inadequate time with their families consider absence an acceptable price for providing their children with opportunities they themselves never had. One of these men, poor during his childhood, said that his financial success both protects his children and validates his parents' struggles. Another even put a positive spin on the break-up of his family: "Looking back, I would have still made a similar decision to focus on work, as I was able to provide for my family and become a leader in my area, and these things were important to me. Now I focus on my kids' education... and spend a lot more time with them over weekends."

Even the men who pride themselves on having achieved some degree of balance between work and other realms of their lives measure themselves against a traditional male ideal. "The 10 minutes I give my kids at night is one million times greater than spending that 10 minutes at work," one interviewee said. It's difficult to imagine a woman congratulating herself for spending 10 minutes a day with her children, but a man may consider the same behaviour exemplary.

Indeed, women rarely view themselves as working for their families the way men do. Men still think of their family responsibilities in terms of breadwinning, whereas women often see theirs as role modelling for their children. Women emphasise (far more than men do) how important it is for their kids – particularly their daughters – to see them as competent professionals. One said: "I think that work is such a big part of who I am. I want my kids to understand what I do. I am a whole being."

Many women said that the most difficult aspect of

How Leaders Define Work/Life "Wins"

In their definitions of professional and personal success, executives highlight these elements:

managing work and family is contending with cultural expectations about mothering. One admitted that she stopped working at home after her daughter referred to the Bloomberg network as "Mommy's channel." Another commented: "When you are paid well, you can get all the [practical] help you need. What is the most difficult thing, though – what I see my women friends leave their careers for – is the real emotional guilt of not spending enough time with their children. The guilt of *missing out*."

Both men and women expressed versions of this guilt and associated personal success with not having regrets. They often cope by assigning special significance to a particular metric, such as never missing a Little League game or checking in once a day no matter what. "I just prioritise dinner with my family as if it was a 6 p.m. meeting with my most important client," said one interviewee. Another offered this suggestion: "Design your house right – have a table in the kitchen where your kids can do homework while your husband cooks and you drink a glass of red wine." Though expressed as advice, this is clearly her very personal, concrete image of what success at home looks like.

Managing Technology

Nearly all the interviewees talked about how critical it is to corral their e-mails, text messages, voice mails, and other communications. Deciding when, where, and how to be accessible for work is an ongoing challenge, particularly for executives with families. Many of them cautioned against using communications technology to be in two places at once, insisting on the value of undivided attention. "When I'm at home, I really am at home," said one. "I force myself to not check my e-mail, take calls, et cetera. I want to give my kids 100 per cent of my attention. But this also works the other way around, because when I'm at work I really want to focus on work. I believe that mixing these spheres too much leads to confusion and mistakes."

Deciding when, where, and how to be accessible for work is an ongoing challenge, particularly for executives with families

That last point is a common concern: Always being plugged in can erode performance. One leader observed that "certain cognitive processes happen when you step away from the frenetic responding to e-mails." (The history of science, after all, is marked by insights that occurred not in the laboratory but while the scientist was engaged in a mundane task – or even asleep.) Another executive pointed out that 24-hour availability can actually hamper initiative in an organisation: "If you have weak people who must ask your advice all the time, you feel important. But there is a difference between being truly important and just not letting anyone around you do anything without you."

Strikingly, some people at the top are starting to use communications technology less often while they're working. Several invoked the saying "You can't raise a kid by

phone" – and pointed out that it's not the best way to manage a team, either. Often, if it's logistically possible, you're better off communicating in person. How do you know when that's the case? One interviewee made an important distinction between broadcasting information and exchanging and analysing ideas: "Speaking [on the phone] is easy, but careful, thoughtful listening becomes very challenging. For the most important conversations, I see a real trend moving back to face-to-face. When you're evaluating multibillion-dollar deals... you have to build a bridge to the people."

When it comes to technology in the home, more than a third of the surveyed executives view it as an invader, and about a quarter see it as a liberator. (The rest are neutral or have mixed feelings.) Some of them resent the smartphone's infringement on family time: "When your phone buzzes," one ruefully noted, it's difficult to "keep your eyes on that soccer field." Others appreciate the flexibility that technology affords them: "I will probably leave here around 4 p.m. to wrangle my kids," said one participant, "but I will be back and locked into my network and e-mails by 8 p.m." Another participant reported: "Sometimes my kids give me a hard time about being on my BlackBerry at the dinner table, but I tell them that my BlackBerry is what enables me to be home with them."

What Partners Contribute

Executives say that their partners and spouses share their vision of success, bring complementary skills, and provide the following types of support:

Both camps – those who hate being plugged in and those who love it – acknowledged that executives must learn to manage communications technology wisely. Overall, they view it as a good servant but a bad master. Their advice in this area is quite consistent: Make yourself available but not *too* available to your team; be honest with yourself about how much you can multitask; build relationships and trust through face time; and keep your inbox under control.

Building Support Networks

Across the board, senior executives insisted that managing family and professional life requires a strong network of behind-the-scenes supporters. Absent a primary caregiver who stays at home, they see paid help or assistance from extended family as a necessity. The women in our sample are adamant about this. One said: "We hire people to do the more tactical things – groceries, cooking, helping the children dress – so that we can be there for the most important things." Even interviewees without children said they needed support at home when they became responsible for aging parents or suffered their own health problems.

Emotional support is equally essential. Like anyone else, executives occasionally need to vent when they're dealing with something crazy or irritating at work, and friends and family are a safer audience than colleagues. Sometimes leaders also turn to their personal networks for a fresh perspective on a problem or a decision, because members of their teams don't always have the distance to be objective.

Support at work matters too. Trusted colleagues serve as valuable sounding boards. And many leaders reported that health crises – their own or family members' – might have derailed their careers if not for compassionate bosses and coworkers. The unexpected can waylay even the most carefully planned career.

"When you're young, you think you can control everything," one interviewee said, "but you can't." Executives told stories about heart attacks, cancer, and parents in need of care. One talked about a psychotic reaction to medication. In those situations, mentors and team members helped leaders weather difficult times and eventually return to business as usual.

What about mixing personal and professional networks, since executives must draw on both anyway? That's up for discussion. The men we surveyed tend to prefer separate networks, and the women are pretty evenly split. Interviewees who favour integration said it's a relief to be "the same person" in all contexts and natural to form friendships at work, where they spend most of their time. Those who separate their work lives from their private lives have many reasons for doing so. Some seek novelty and a counterbalance to work. "If all of your socialising centres around your work life, you tend to experience an ever-decreasing circle of influence and ideas," one pointed out. Others want to protect their personal relationships from the churn of the workplace.

Many women keep their networks separate for fear of harming their image. Some never mention their families at work because they don't want to appear unprofessional. A few female executives won't discuss their careers – or even mention that they have jobs – in conversations out-

side work. But again, not all women reported such conflict between their professional and personal "selves," and several suggested that the tide is turning. One pointed out: "The more women have come into the workplace, the more I talk about my children."

Travelling or Relocating Selectively

Discussions about work/life balance usually focus on managing time. But it's also critical to manage your location – and, more broadly, your role in the global economy. When leaders decide whether to travel or relocate (internationally or domestically), their home lives play a huge part. That's why many of them believe in acquiring global experience and racking up travel miles while they're young and unencumbered. Of those surveyed, 32 per cent said they had turned down an international assignment because they did not want to relocate their families, and 28 per cent said they had done so to protect their marriages.

Many leaders believe in acquiring global experience and racking up travel miles while they're young and unencumbered

Several executives told stories about getting sidetracked or derailed in their careers because a partner or spouse needed to relocate. Of course, travel becomes even trickier with children. Many women reported cutting back on business trips after having children, and several executives of both sexes said they had refused to relocate when their children were adolescents. "When children are very young, they are more mobile," one explained. "But once they are 12 or 13, they want to be in one place."

Female executives are less likely than men to be offered or accept international assignments, in part because of family responsibilities but also because of the restrictive gender roles in certain cultures or perceptions that they are unwilling to relocate. Our survey results – from a well-travelled sample – jibe with student interviewers' qualitative findings. Almost none of the men surveyed (less than one per cent, compared with 13 per cent of the women) had turned down an international assignment because of cultural concerns. But for female executives, not all travel is created equal: Gender norms, employment laws, health-care access, and views on work/life balance vary from country to country. One American woman said it requires extra effort in Europe to make sure she doesn't "come off as being intimidating," a concern she attributes in part to being tall. Another woman said that in West Asia she has had to bring male colleagues to meetings to prove her credibility.

Though women in particular have such difficulties, international assignments are not easy for anyone, and they may simply not be worth it for many executives. Members of both sexes have built gratifying careers while grounding themselves in a particular country or even city. However, if travel is undesirable, ambitious young executives should decide so early on. That way they can avoid getting trapped in an industry that doesn't mesh with their geographic preferences and give themselves time to find ways other than travel to signal open-mindedness, sophistication, skill diversity, and willingness to go above and beyond. (Several executives noted that international experience is often viewed as a sign of those personal attributes.) "International experience can be helpful," one executive observed, "but it's just as important to have had exposure across the business lines. Both allow you to understand that not everybody thinks as you do." Some executives even question the future of globe-hopping, noting that carbon costs, fuel costs, and security concerns may tighten future travel budgets.

Collaborating with Your Partner

Managing yourself, technology, networks, travel – it's a tall order. Leaders with strong family lives spoke again and again of needing a shared vision of success for everyone at home – not just for themselves. Most of the executives in our sample have partners or spouses, and common goals hold those couples together. Their relationships offer both partners opportunities – for uninterrupted (or less interrupted) work, for adventurous travel, for intensive parenting, for political or community impact – that they might not otherwise have had.

Leaders also emphasised the importance of complementary relationships. Many said how much they value their partners' emotional intelligence, task focus, big-picture thinking, detail orientation – in short, whatever cogni-

About the Research

Since 2008 more than 600 students in Harvard Business School's second-year Managing Human Capital course have interviewed 3,850 C-suite executives and leaders (of whom 655 were CEOs, presidents, or board members) at companies and nonprofits around the world.

THE GOAL? To gain greater insight into how today's top leaders make choices in their professional and personal lives. This project has been a true partnership between the students and the executives. Everyone involved wanted to deeply explore what it means for leaders to manage their human capital in the 21st century – and more specifically, in the wake of the recent global recession.

The executives were a diverse group (44 per cent female, 56 per cent male) and represented a wide range of industries, including finance, retail, energy, health care, and technology. They came from 51 countries, and 45 per cent of them had worked in countries other than the United States.

The interviews were semistructured: As long as students related their questions to topics covered in Managing Human Capital, they were allowed considerable leeway in what to ask and how far to go in following up on responses. That way they could dig into the issues they found most compelling.

To supplement the interviews, we surveyed 82 senior executives who were attending a 2012 leadership course at HBS. We asked them about their experiences managing their careers and families. The sample consisted of 58 men and 24 women from 33 countries in Africa, Europe, Asia, West Asia, and North and South America. Statistics in the article come from the survey data, and quotations come from the field data.

tive or behavioural skills balance out their own tendencies. And many of those we surveyed consider emotional support the biggest contribution their partners have made to their careers. Both men and women often mentioned that their partners believe in them or have urged them to take business risks or pursue job opportunities that were not immediately rewarding but led to longer-term satisfaction. They also look to their partners to be sounding boards and honest critics. One executive said that her partner asks "probing questions to challenge my thinking so I can be better prepared for an opposing viewpoint."

A partner's support may come in many forms, but what it almost always boils down to is making sure the executive manages his or her own human capital effectively. The pressures and demands on executives are intense, multidirectional, and unceasing. Partners can help them keep their eyes on what matters, budget their time and energy, live healthfully, and make deliberate choices – sometimes tough ones – about work, travel, household management, and community involvement.

Men, however, appear to be getting more spousal support overall. Male interviewees – many of whom have stay-at-home wives – often spoke of their spouses' willingness to take care of children, tolerate long work hours, and even relocate, sometimes as a way of life. But by and large, they no longer seem to expect the classic 1950s "corporate wife," who hosted dinners for the boss and cocktail parties for clients. (Exceptions exist in some countries and industries. One male executive who works in oil fields said: "When you are living and working in those camp environments, it is indispensable to have your wife talk with other spouses.") Men frequently noted that their partners won't allow them to neglect their families, health, or social lives. For example: "My wife is militant about family dinner, and I am home every night for dinner even if I have to work afterward."

Women, by contrast, slightly more often mentioned their partners' willingness to free them from traditional roles at home. One explained, in a typical comment, "He understands the demands of my role and does not put pressure on me when work takes more time than I would like." In other words, male executives tend to praise their partners for making positive contributions to their careers, whereas women praise theirs for not interfering.

When we look at the survey data, we see other striking differences between the sexes. Fully 88 per cent of the men are married, compared with 70 per cent of the women. And 60 per cent of the men have spouses who don't work full-time outside the home, compared with only 10 per cent of the women. The men have an average of 2.22 children; the women, 1.67.

What Tomorrow's Leaders Think

The fact that the interviewees all agreed to take time from their hectic schedules to share their insights with students might introduce a selection effect. Busy leaders who choose to help students presumably value interpersonal relationships. Because they're inclined to reflect on work and life, they're probably also making deliberate choices in both realms – and they certainly have enough money to pay for support at home. All that may explain why

many interviewees reported being basically happy despite their struggles and why few mentioned serious damage to their marriages or families due to career pressures. This sample is an elite group of people better positioned than most to achieve work/life balance. That they nevertheless consider it an impossible task suggests a sobering reality for the rest of us.

Our student interviewers say, almost universally, that the leaders they spoke with dispensed valuable advice about how to maintain both a career and a family. One interviewer reported: "All acknowledged making sacrifices and concessions at times but emphasised the important role that supportive spouses and families played." Still, many students are alarmed at how much leaders sacrifice at home and how little headway the business world has made in adapting to families' needs.

Male executives admitted that they don't prioritise their families enough. And women are more likely than men to have forgone kids or marriage to avoid the pressures of combining work and family. One said: "Because I'm not a mother, I haven't experienced the major driver of inequality: having children." She added: "People assume that if you don't have kids, then you either can't have kids or else you're a hard-driving bitch. So I haven't had any negative career repercussions, but I've probably been judged personally."

Executives of both sexes consider the tension between work and family to be primarily a women's problem

Executives of both sexes consider the tension between work and family to be primarily a women's problem, and the students find that discouraging. "Given that leadership positions in corporations around the world are still dominated by men," one explained: "I fear that it will take many organisations much longer than it should to make accommodations for women to... effectively manage their careers and personal lives."

Students also resist leaders' commonly held belief that you can't compete in the global marketplace while leading a "balanced" life. When one executive argued that it's impossible to have "a great family life, hobbies, and an amazing career" all at the same time, the student interviewing him initially thought, "That's his perspective." But after more conversations with leaders? "Every single executive confirmed this view in one way or another, and I came to believe that it is the reality of today's business world." It remains to be seen whether, and how, that reality can be changed for tomorrow.

WE CAN'T PREDICT what the workplace or the family will look like later in this century, or how the two institutions will coexist. But we can assert three simple truths:

Life happens. Even the most dedicated executive may suddenly have his or her priorities upended by a personal crisis – a heart attack, for instance, or a death in the family. As one pointed out, people tend to ignore work/life balance until "something is wrong." But that kind of disregard is a choice, and not a wise one. Since when do smart executives assume that everything will work out just fine? If that approach makes no sense in the boardroom or on the factory floor, it makes no sense in one's personal life.

There are multiple routes to success. Some people plan their careers in detail; others grab whatever opportunity presents itself. Some stick with one company, building political capital and a deep knowledge of the organisation's culture and resources; others change employers frequently, relying on external contacts and a fresh perspective to achieve success. Similarly, at home different solutions work for different individuals and families. Some executives have a stay-at-home partner; others make trade-offs to enable both partners to work. The questions of child care, international postings, and smartphones at the dinner table don't have "right" answers. But the questions need to be asked.

No one can do it alone. Of the many paths to success, none can be walked alone. A support network is crucial both at and outside work – and members of that network must get their needs met too. In pursuit of rich professional and personal lives, men and women will surely continue to face tough decisions about where to concentrate their efforts. Our research suggests that earnestly trying to focus is what will see them through. ◆

Boris Groysberg *is a professor of business administration at Harvard Business School and the author (with Michael Slind) of* Talk, Inc. *(Harvard Business Review Press, 2012).* **Robin Abrahams** *is a research associate at Harvard Business School.* *This article was published in* Harvard Business Review, *March 2014.* *Copyright ©2014 Harvard Business School Publishing Corporation. All rights reserved.*

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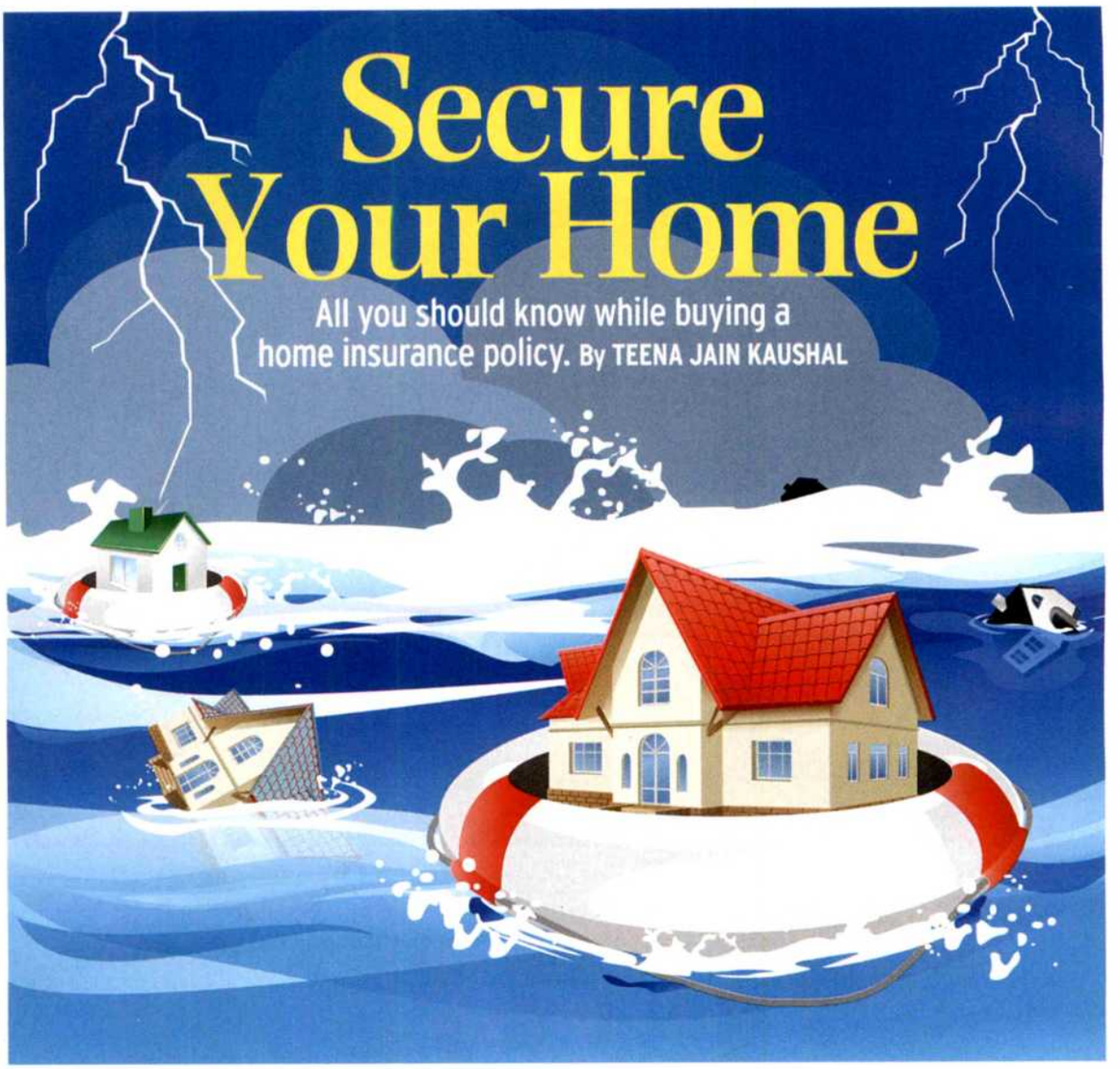
All you should know while buying a home insurance policy. By TEENA JAIN KAUSHAL



RAJ VERMA

How many times have you heard of instances when people bought insurance only to find that it did not protect the one item they sought to cover? Home insurance is certainly not the first cover on most people's list, but nevertheless it acts as an important backup in case things go wrong. Like any other insurance, you will either know, or be informed of, the most important questions that you need to ask before you buy it. However, do not think twice before asking questions that may seem uncommon, or even stupid. The more questions you ask, the better you will understand the matter.

To begin with, the one reason why you must not take the seller's word on face value is, because your coverage may not be as thick as you think. Say, if the common water tank of your apartment leaks. It is safe to assume that you are covered, right? Maybe not. You have suf-

fered loss due to negligence of your tenant. Are you covered? May be yes. While you must get down to the nuts and bolts of your policy to understand what it actually promises, it is important to understand the basic elements of your policy. A typical householder policy consists of around 10 sections under which it covers various risks ranging from fire and allied perils, earthquake, floods to loss of baggage. Generally, the fire and allied section is compulsory while you have the option to choose from other sections. The more you choose the more comprehensive the cover becomes. Consider this: a theft by your maid will not be covered unless you opt for a section called 'housebreaking including larceny and theft'. It is, therefore, possible that despite having a policy your insurer still denies you cover.

To help you make an informed purchase here are a few not-so-frequently asked questions on home insurance. This will help you in understanding your policy better.

My house is on the 10th floor. How much cover should I take?

A home insurance policy does not cover the cost of land. It only pays you for the cost of construction of the house which is arrived at by multiplying the carpet area of the flat with the cost of construction in that city. So even if your house is on the 10th floor you would be paid for the cost of construction. The floor of the building is not a consideration for the cost of construction.

K.K. Rao, General Manager, Oriental Insurance Company, says, "In many cases a society takes a common cover for all buildings of the society. Along with this common cover, each flat can take a householder policy for covering the contents of the house."

Does the policy cover losses due to negligence of tenants?

If you have given your house on rent, you can take insurance for the structure as well as for contents. Sanjay Datta, chief underwriting and claims, ICICI Lombard General Insurance, says, "Damage caused by insured perils may get covered for acts of negligence unless caused by a willful act." The view, however, may differ from company to company. Since there are a few insurers who do not cover losses due to tenant negligence, it is always better to check the details beforehand.

Specific covers are also available in the market. For example: L&T General Insurance offers a cover called 'Liability of Tenants to Landlord'. It protects you against legal liability arising from any damage to the landlord's property and permanent fixtures. This liability would be applicable if it is specified in the tenancy agreement that you as tenant will be held liable for any such damage.

I am a tenant. I have insured the contents of my home. I am now moving out. Will my policy still cover me?

If you have moved out to another place, you can get the policy endorsed for change of address for household contents.

I live with friends. Can I still buy insurance?

If the house belongs to you, you can take an insurance cover for the structure and your part of contents. Your friends too can take insurance policies for their part of content. The insurer can, however, deny you cover if it gets difficult to segregate contents of the house. Joydeep Roy, CEO and Wholetime Director, L&T General Insurance, says it is difficult since it is not easy to sepa-

"IN CASE OF LOSS DUE TO NATURAL DISASTERS, INSURERS USUALLY RELAX THE CLAIM SETTLEMENT PROCEDURE AND ASK FOR MINIMUM DOCUMENTATION"

K.K. Rao, General Manager, Oriental Insurance Company

"DURING THE CLAIM IF THE LOSSES INCURRED ARE GREATER THAN THE COVER THEN THE COMPANY WILL ONLY PAY FOR THE LOSSES TO THE CONTENTS COVERED UNDER THE POLICY"

T.A. Ramalingam, Chief Technical Officer, Non-motor Insurance, Bajaj Allianz General Insurance

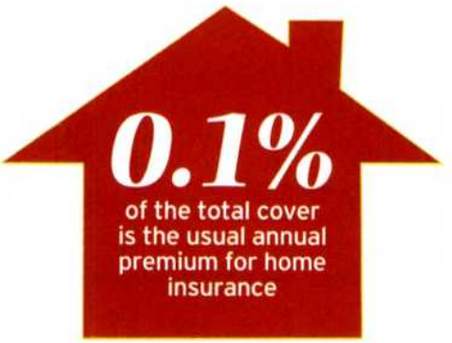
rate your contents with that of your friends.

If water leaks from a common tank, will contents damaged be covered?

Experts say water leakage due to cracks, etc. is not covered as the same can be taken care by proper maintenance. However, a home insurance policy covers damaged caused by bursting and/or overflowing of water tanks. Again, you need to ask your insurer as this may vary from insurer to insurer.

What happens to the policy when the house is sold?

In case the house is sold then the owner of the house (insured) needs to inform the insurance company and get the policy cancelled as the insured no longer has an insurable interest in the property. The new owner should purchase a fresh policy in his/her name for the new house.



What happens at the time of making a claim if I take partial cover for contents?

If a person has not taken an adequate cover for the contents in the policy, it leads to underinsurance, and the claim gets proportionately reduced. In many policies, the coverage is offered on a first-loss basis: the cover is pre-defined as the policyholder assumes that his or her entire property will not get damaged in a single event. For example, you can buy a cover of only ₹10 lakh for work of arts worth ₹15 lakh. But if a claim is made, only ₹10 lakh will be paid to you even if the entire work gets damaged. T.A. Ramalingam, Chief Technical Officer, Non-motor Insurance, Bajaj Allianz General Insurance, says, "In such a scenario, during the claim if the losses incurred are greater than the cover then the company will only pay for the losses to the contents covered under the policy. [The] insured [person] will be considered his own insurer for the difference and shall bear the remaining loss or damage."

At the time of damage my house was unoccupied. Is this damage covered?

In case the insured has taken a householder package policy then any losses for the content will not be payable. Under this policy, says Ramalingam, any losses with respect to the content insured will not be payable if the house is unoccupied for seven or more consecutive days. "However, if the insured has taken a stand-alone fire policy for the structure and the contents then the damage will be covered, excluding valuables, if any." Since the definition of non-occupancy varies, it is better to check in advance with your insurer.

How do I make a claim after a disaster?

You need to intimate the claim to the local office or to the company's call centre. The insurance company deploys a surveyor and the claim is settled once the insurable interest is identified and the losses assessed. You need to produce a KYC [Know Your Customer] document that will help the insurance company identify the claimant. Rao says, "In case of losses due to natural disasters, the insurance companies usually relax the claim settlement procedures that involve minimum documentation. At times we only ask for the date when the policy got issued so that we can check it in our database and quickly settle the claim."

If rains flood my basement, will the damage be covered?

It will be covered if you have declared it in the proposal form and the sum insured is calculated after including your basement.

Will my car parked in the garage be covered?

Your vehicle can be covered under a separate motor insurance policy. It will not be part of your householder policy. It is important to understand that despite the various clauses, in the end your policy might not cover you for certain conditions but it is still better than having none at all. ◆

Courtesy: *Money Today*

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Delhi - Milan - Rome - Delhi# (on Tue, Thur & Sat)		
Delhi - Milan	14.20	19.30
Milan - Rome	21.00	22.10
Rome - Delhi	23.35	10.15 + 1

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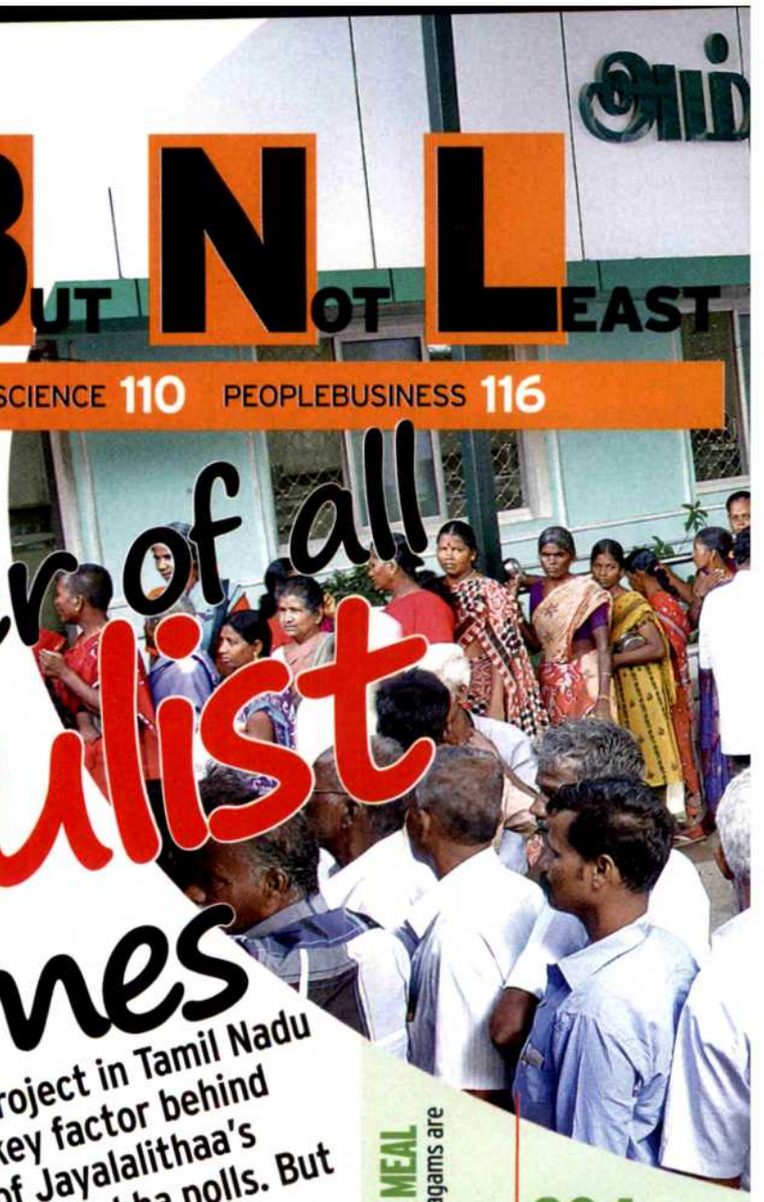


Mother of all Populist Schemes

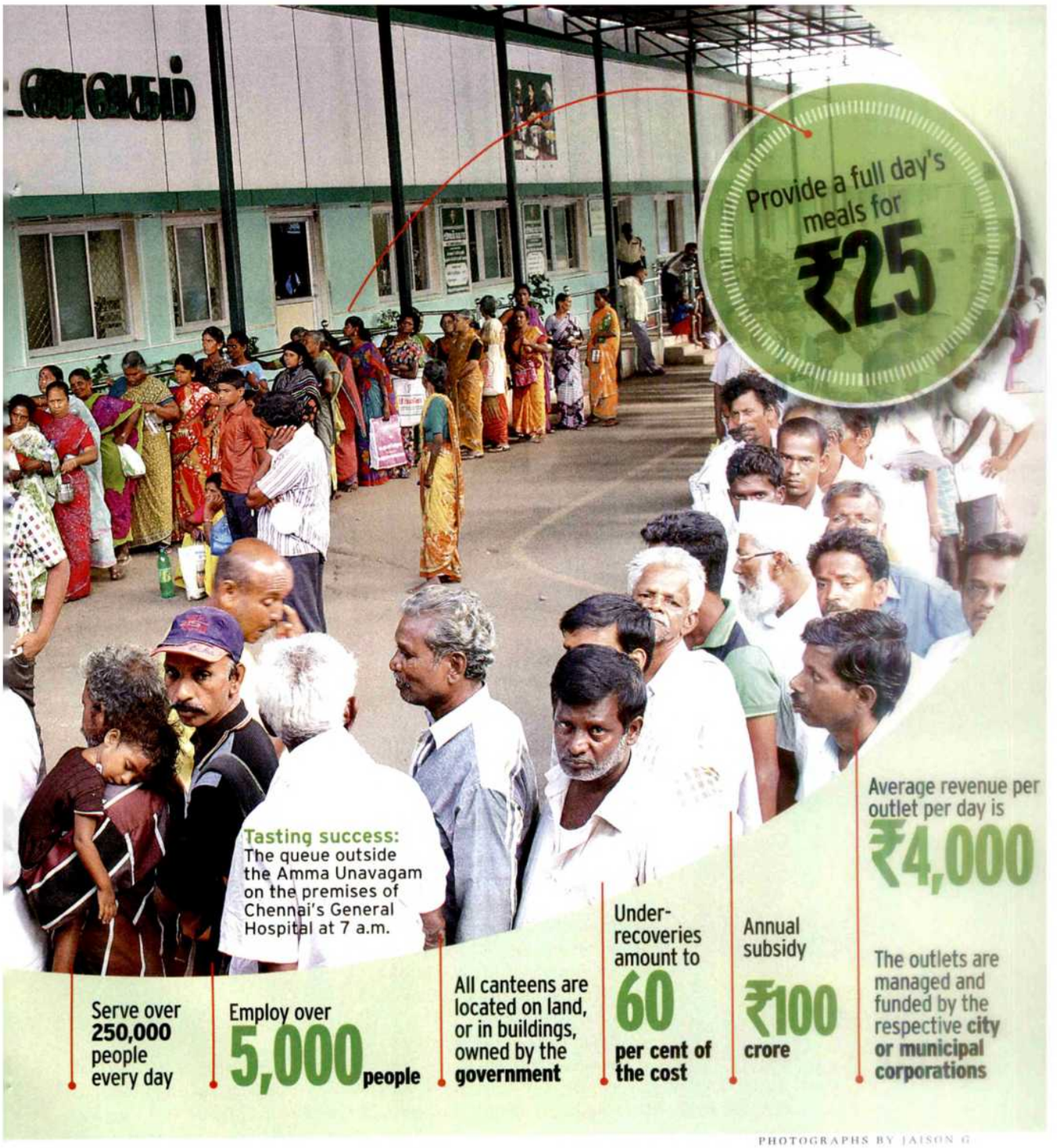
The Amma Unavagam project in Tamil Nadu is said to have been a key factor behind the stunning success of Jayalalithaa's AIADMK in the recent Lok Sabha polls. But is it sustainable? By N. MADHAVAN

WHOLESOME MEAL
What Amma Unavagams are all about

294 of them are in operation across Tamil Nadu. **360** more will be added

Idli at ₹1, pongal at ₹5, *sambar* rice at ₹5, curd rice at ₹3 and two chappatis with dal at ₹3. In times of runaway food inflation like the present, can any eatery offer such ridiculous prices? It is possible and the 294 Amma Unavagam (meaning mother's eatery) outlets in Tamil Nadu are doing just that. Launched by Chief Minister Jayalalithaa in February 2013, as an initiative to help the poor beat high food prices, Amma Unavagams – most of them located in urban centres – have become extremely popular and cater to over 250,000 customers every day.

"This is a boon for us. With a salary of ₹7,000, I cannot afford to spend ₹100 a day on food. Now I spend just ₹20," says M. Dharmendran, an assistant security officer, working for a security agency. He is waiting in the queue for the Amma Unavagam at Chennai's General Hospital to open. A. Srinivasan, a lab technician stands behind him, watching a video on his Nokia XL phone. He looks up and adds: "I save at least



PHOTOGRAPHS BY JAISON G

₹60 a day on food. This is as good as a ₹1,500 hike in my salary."

With no signs of food prices easing, the footfalls to the outlets continue to rise by the day. Since the launch, over 115.4 million idlis, 10 million dishes of pongal, 19.2 million dishes of sambar rice, 10.4 million of curd rice and 20 million chappatis have been sold at the Chennai outlets alone. About 570 tonnes of rice and 400 tonnes of wheat are consumed every month at the Amma Unavagams located in Chennai, apart from pulses, oil, curd, vegetables and other ingredients.

Many of the people who eat at these outlets leave their comments in a notebook provided for that purpose at the outlets. The common theme across the comments is that the fare is 'tasty, hygienic and economical'. This correspondent, too, had breakfast at the General Hospital outlet and heartily endorses this view.

Indeed, hygiene is a critical element at Amma Unavagam outlets. The project was originally thought of to address public health concerns. "Over a million people in

Behind the scenes: 150 idlis are prepared every minute at this outlet; and (inset) Pongal being readied

Chennai do not have access to hygienic food. They are susceptible to water borne diseases as they eat at road side eateries," says a senior health official at the Chennai Corporation. "We were looking at providing low-cost food for these people. When this plan was presented to the Chief Minister, she saw the bigger picture and converted the scheme into a tool for the poor to overcome food inflation." The Chennai Corporation manages the city's 203 outlets.

The landslide win for Jayalalithaa's AIADMK in the recent Lok Sabha polls – it won 37 of the 39 Lok Sabha seats in the state – is attributed by political pundits partly to the growing popularity of the Anna Unavagams. The goodwill the outlets have generated prompted Jayalalithaa to announce, soon after the poll results were declared, plans for 360 more outlets across the state.

The initiative has triggered interest outside Tamil Nadu as well. The governments of Karnataka and Rajasthan have shown interest in replicating the initiative. Even Gujarat, which is seen as a repository of people friendly schemes, has sent officials to study the Amma Unavagams. A delegation from Egypt made a visit a few weeks ago.

Sure, the project has its critics as well. "The government gives free rice and provides subsidised pulses, and oil through the public distribution system (PDS). It also supplies cooking gas and kerosene at low prices. On top of this, Jayalalithaa, as part of her election promise, is giving food processing items such as mixers and grinders free. Where is the need to offer food at such low prices," asks Subramaniam Balaji, an advocate, who has been challenging the culture of freebies that political parties announce to garner votes in court. He fears the subsidy will soon assume gargantuan proportions.

There is a significant subsidy. The under-recovery is as high as 60 per cent of the cost, putting the subsidy amount at ₹100 crore annually. "We had initially budgeted a much smaller subsidy but increasing input

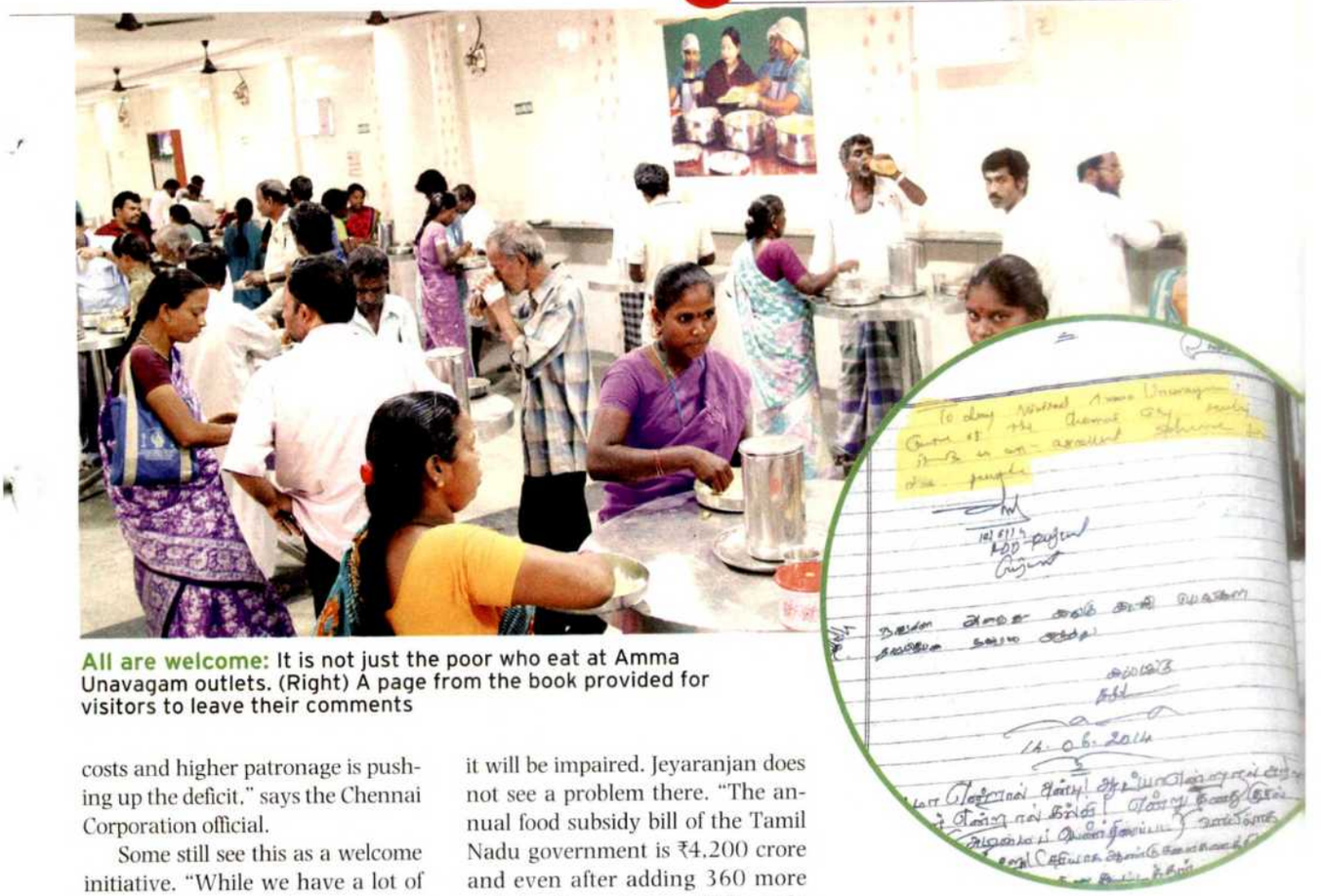
THE CHALLENGES AHEAD...

- As the number of outlets and customers increases, so will the subsidy
- It will be difficult to maintain uniform quality of food if each outlet has its own kitchen
- There is a strong imperative to lower costs as rising input prices will bloat the subsidy bill
- Controlling procurement/process quality and leakages is critical

... AND THE LIKELY SOLUTIONS

- The concept of a centralised kitchen is under active consideration...
- ... reducing cost and enabling streamlining of the cooking process...
- ... and future outlets also need lesser space then
- Offer flexible menu that takes advantage of price cyclicality
- Go for food quality accreditation

Video of customer opinions and food preparations at www.businesstoday.in/ammacanteens



All are welcome: It is not just the poor who eat at Amma Unavagam outlets. (Right) A page from the book provided for visitors to leave their comments

costs and higher patronage is pushing up the deficit," says the Chennai Corporation official.

Some still see this as a welcome initiative. "While we have a lot of programmes to aid the rural poor, none exists for their urban cousins. In the absence of a social safety net like MGNREGA, the urban poor suffer a lot," says J. Jeyaranjan, Director, Institute for Development Alternatives, Chennai. He wants more such outlets at places where the poor can access to low-cost hygienic food.

Balaji is not convinced. "If unhygienic food is the reason for the Amma Unavagams, all health inspectors in the state should be sacked," he says. Recent media reports have raised fresh concerns about targeting of the subsidy as well. Employees of leading software companies have started eating at Amma Unavagams located in Chennai's IT corridor. "This has become yet another case of poorly directed subsidy," he adds.

There are other challenges as well. As the government expands the initiative, the subsidy will rise and the ability of local bodies to fund it will be impaired. Jeyaranjan does not see a problem there. "The annual food subsidy bill of the Tamil Nadu government is ₹4,200 crore and even after adding 360 more outlets, the subsidy will be only around ₹200 crore," he says. But again, the 294 outlets currently in operation are all located on land or in buildings belonging to the government, and this has meant an average initial investment of just ₹5 lakh per outlet. Further expansion will have to move beyond and that will call for larger investment.

Price list: Tasty and hygienic food at low prices has helped people beat food inflation

The government is revisiting the model as the number of outlets reach a critical scale in a bid to cut costs and maintain quality. The concept of a centralised kitchen is being studied. "It will help us lower costs, standardise cooking processes and ensure uniform taste and quality across outlets," says the official. Today, all the outlets have separate kitchen and cooks. The procurement process is also being refined to ensure quality and prevent leakages. As the outlets increase and so do the footfalls, additional revenue streams are being looked at to capitalise on it. Broadcasting ads on the 60-inch televisions that are a feature of all the outlets is one such option. Currently, the TVs simply reiterate the state governments' achievements over and over again. ◆

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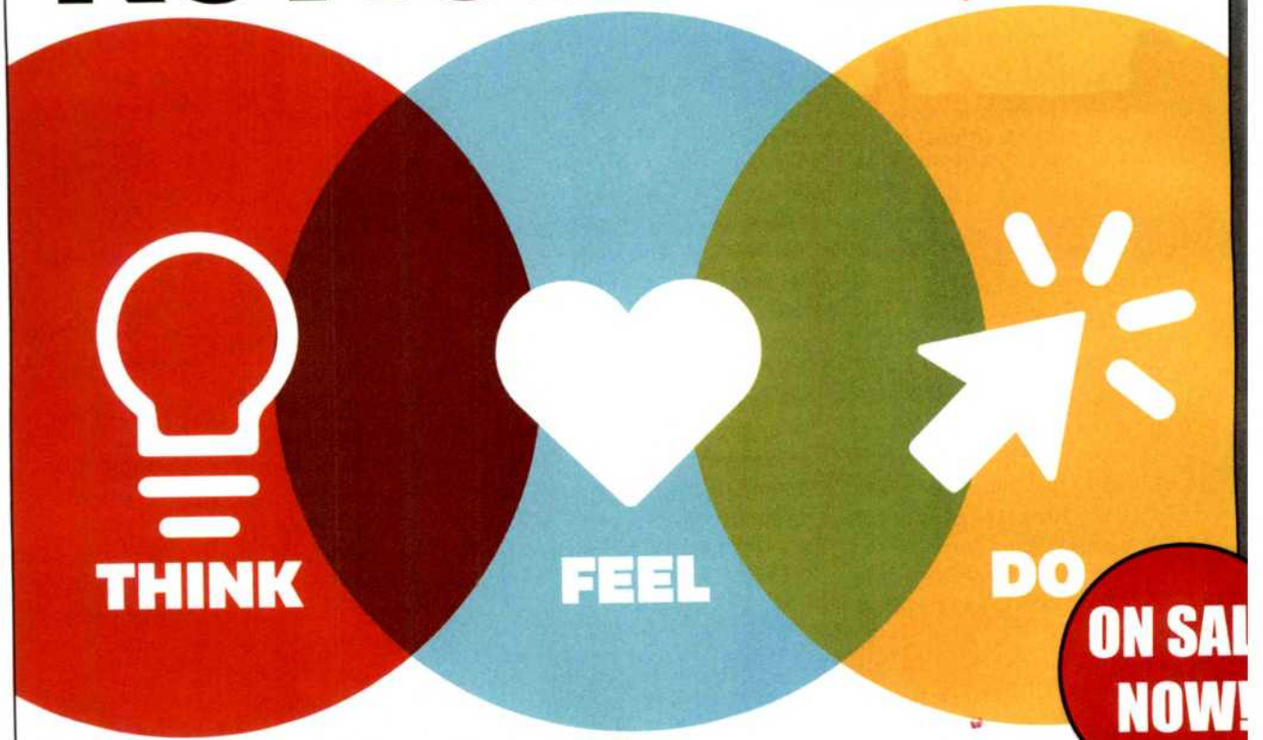

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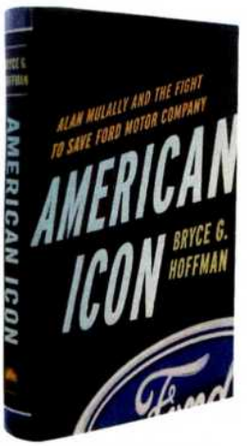
Hard Drive

How Alan Mulally's compelling vision and ruthless execution rescued Ford



American Icon: Alan Mulally and the Fight to Save Ford Motor Company
By Bryce G. Hoffman
Crown Business
Pages: 422; Price: ₹899

Ford Motor Company has seen many existential crises in its 111-year-old history. The American multinational automaker overcame each of them by launching breakout products such as Model A, Mustang and Taurus. These turnarounds were scripted by strong leaders who, however, once they tasted success, began to guard their positions, and invariably drove out worthy successors, thereby sowing the seeds for the next crisis.

The turnaround Alan Mulally, a rank outsider, scripted has put the Dearborn-based company on a different trajectory. Bryce Hoffman, a journalist who has been covering the carmaker since 2005, has captured this element very succinctly in his book. The access he had to the company's top management has enabled him to bring out the turnaround story vividly.

When Bill Ford sent a Gulfstream V jet in July 2006 to bring Mulally to Michigan and make a personal pitch to get him on board as CEO, the company was in dire straits. It had too many brands and dealers to sell cars that customers did not really want. Most cars were sold at a loss. Internal politics was rife among warring fiefdoms. That apart, labour union was dominant, global assets were hardly leveraged, production was way above demand (massive discounts were offered to sell them), the company was fast running out of cash. The Board of Directors was at its wits end, eager to even merge the company with another automaker.

The book lets you into Mulally's mind – did the conditions at Ford overwhelm him? What made him give up his job at leading global aircraft manufacturing company Boeing and take up the challenge at Ford? What were the silver linings he saw? Leaders approach challenges differently and reading the book gives a clear idea of how Mulally made his decision.

Once on board, it was Mulally's compelling vision and ruthless execution that helped him succeed. The book spells out in detail how he achieved the transformation. Matching production to demand, shuttering many factories and easing out thousands of workers, selling brands such as Jaguar and Land Rover, Aston Martin and Volvo, and massive investment on product development were not easy decisions to take, especially when the US economy was in free fall.

Equally bold was his attempt to integrate Ford globally (One Ford) by ending regional fiefdoms. Instituting his now famous weekly business performance review meetings, raising $23 billion to fund the company's restructuring just before the financial markets went kaput as well as the decision to keep Ford out of the bailout package that General Motors and Chrysler sought and got were all remarkable steps.

As Hoffman says Mulally's challenges in scripting Ford's turnaround increased by the day as the external environment worsened. Mulally, however, did not lose heart, focused on his vision and continued to execute the transformation, modifying his approach as needed.

As Mulally leaves Ford, the question is whether the tools he used to save the company survive him. Hoffman says it is the ultimate test of Mulally's revolution. He hopes the fact that Mulally chose to attack the root of the problem – Ford's corporate culture – rather than bring about the transformation with a blockbuster product as had happened at Ford in earlier generations, offers hope that the changes will endure. The book is a must read for all business leaders – present and future. ◆

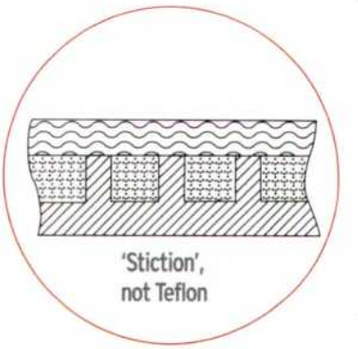
N. MADHAVAN

Mulally's challenges in scripting Ford's turnaround increased as the external environment worsened but he focused on his vision and continued to execute the transformation

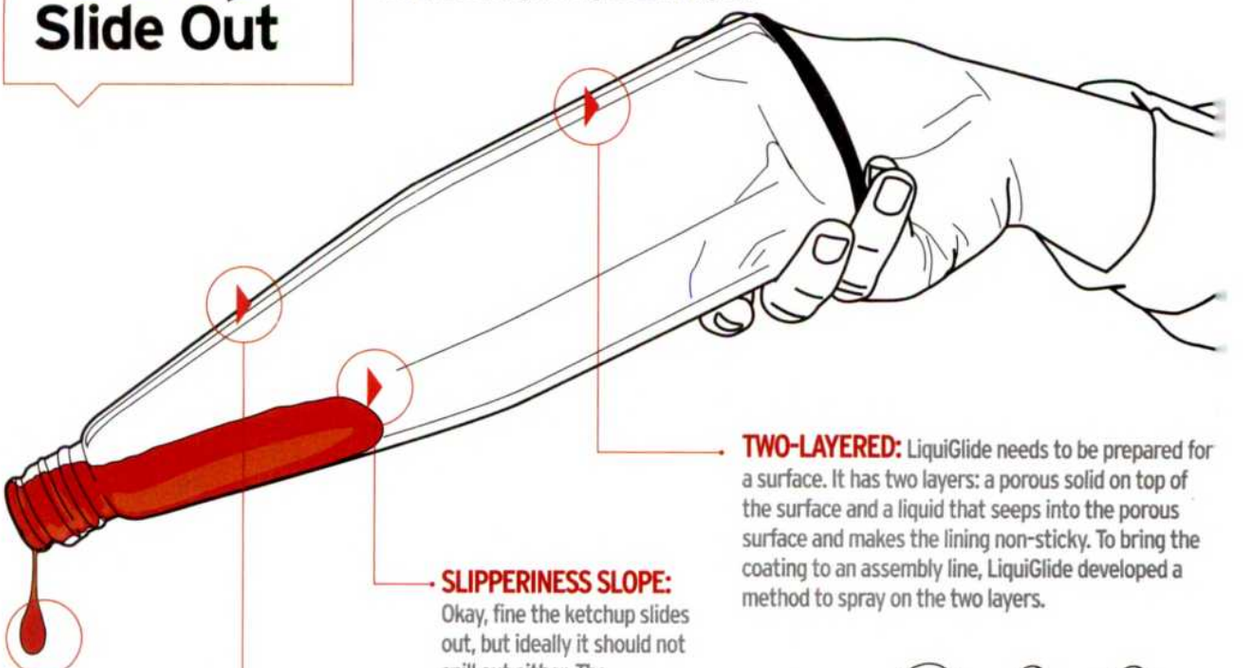
LiquiGlide

A Slippery Surface Coating to Help that Ketchup Slide Out

Thumping the back of a ketchup bottle unceremoniously to get its contents out is an experience most of us are familiar with. Dave Smith, a former MIT graduate student, along with his then professor, Kripa Varanasi, came up with a neat solution: a surface coating that can be applied to the inside of the bottle to make the inside slippery, so the ketchup slides out easily. Called LiquiGlide, the product has been tried with other consumer goods too, such as toothpaste and lotions. The first products with the coating are expected next year.



'Stiction', not Teflon

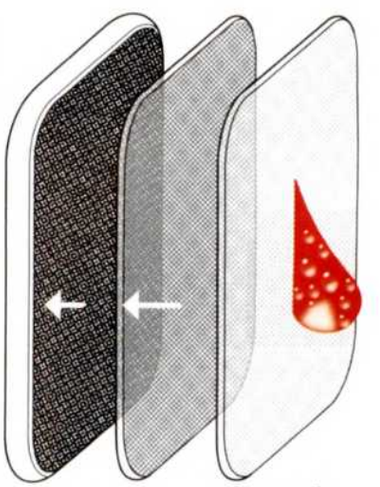


TWO-LAYERED: LiquiGlide needs to be prepared for a surface. It has two layers: a porous solid on top of the surface and a liquid that seeps into the porous surface and makes the lining non-sticky. To bring the coating to an assembly line, LiquiGlide developed a method to spray on the two layers.

SLIPPERINESS SLOPE: Okay, fine the ketchup slides out, but ideally it should not spill out either. The company's technology allows for adjusting the speed at which the liquid slides out, which it calls droplet control.

WET TO TOUCH: Since the method causes the surface to become wet to touch after treatment, it is not useful for clothing or electronic applications.

RESIDUAL PRODUCT WASTE: About a million tonnes of sauce is wasted every year because it stays stuck to the packaging.



ILLUSTRATIONS BY RAJ VERMA

Animated graphic on LiquiGlide's technology at www.businesstoday.in/liquiglide-demo

If you are a cool nerdy start-up, and would like to be featured in these pages, write to us at btscience@intoday.com

1 BACKSTORY

Varanasi's lab at MIT was interested in improving efficiencies in interfacial phenomena – hardcore industrial engineering problems involving the surfaces of oil pipelines and power turbines. Over 80 per cent of our electricity, for example, comes from a steam cycle, and Varanasi was interested in questions such as how moisture sticks to blades, or water condenses, or how hydrates block up pipelines. Then someone asked the lab if it could make bottles that prevented leaching. That got the lab thinking about bottles. Finally, says Varanasi, his wife, who was feeding his one-and-a-half-year-old son honey, told him that since you work on surfaces, why not find a fix to this problem of coagulation of honey? Varanasi's student Smith, who is now the LiquiGlide CEO, used the work they had already done to come up with a solution in two days.

2 HOW IT WORKS

Other non-stick coatings, such as Teflon, are solids. The coating LiquiGlide uses, in a way, is both a solid and a liquid. There is a liquid that falls into the interstices of a porous solid. This is called a liquid impregnated surface and is held in place by capillary and other molecular forces. The result is as slick as a liquid but has the rigidity of a solid. The liquid used can be edibles such as vegetable oil and fats. The viscosity of the liquid can be changed, so the slipperiness can be tuned too.

3 BREAKING OUT

The group pitched it at the $100K contest at MIT in March 2012. A ketchup video was made for the finals in May, and it went viral. The group did not go for VC funding, but the market wanted it. The group went from published paper to expected launch in about four years, a short, sharp cycle. However, the work was based on IP dating years back.

"It almost feels like a responsibility to take this to India"

KRIPA VARANASI
Chief Science Advisor/LiquiGlide

4 LEARNING CURVE

To move from the lab to an assembly line production, the group had to come up with a method that could easily apply the coatings in a factory rather than the method it had used in a cleanroom initially. The group did: both layers are sprayed and settle in seconds.

5 PLATFORM PITCH

It can change the surface properties of solids to make it repel a liquid. This means that it can be used to improve efficiencies in things such as pipelines by slowing corrosion as well as in medical equipment, or even in making surface of an iPhone more water repellent.

6 INDIA CONNECT

"We are really hoping to get into the Indian market," says Varanasi, adding that it feels like a responsibility to take this to India in order to prevent food wastage. Once we get a few things out, there will be more excitement, he adds.

VIRAT MARKANDEYA

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Head – Finance & Accounts
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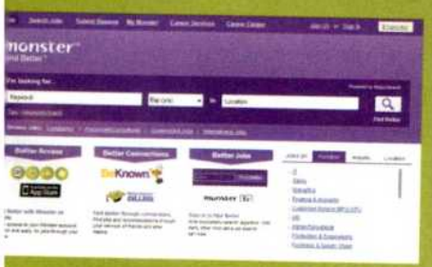

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Designing Man

Adman **ALOK NANDA** firmly believes that while a campaign does play a role in brand building, a well-designed brand can take it to the next level. His branding and design firm, Alok Nanda & Company, won a Grand Prix award in the design category at the Ad Club awards in Goa this year. One can actually get a vivid glimpse of his passion for design at Filter, his quaint studio tucked in a South Mumbai bylane. It retails a variety of things, from T-shirts and bags to coffee mugs and even filter coffee and chocolates, under the brand name Filter. A big pull factor towards these products is, obviously, the design. The coffee packs, for instance, have intricate motifs of Madhubani art on them. Nanda is excited about the fact that his chocolate brand – available in Indian flavours, such as *paan*, *aamras*, among others – will soon be available at the Harrods in London.

AJITA SHASHIDHAR

Alok Nanda
Founder, Alok Nanda & Co

RACHIT GOSWAMI/www.indiatodayimages.com

Nita Ambani
Board member, RIL

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Boardroom Beckons

NITA AMBANI has been inducted into the board of Reliance Industries Ltd (RIL). Wife of Chairman Mukesh Ambani, she will fill in the seat left vacant by the retirement of Ramnikbhai Ambani, her late father-in-law Dhirubhai Ambani's elder brother. According to RIL, she "made significant contributions by conceptualising and guiding its corporate identity development across all formats". In her acceptance speech, she said: "My mission will be to bring speed, scale and social contract to RIL's larger mission." Besides helming Mumbai Indians, which won the Indian Premier League in 2013 and won the Champions League twice, Nita Ambani is also credited with planning and developing a large township in Jamnagar, Gujarat, and planting 3.2 million trees over 2,000 acres at RIL's Jamnagar refinery site.

SUPROTIP GHOSH

Bijou Kurien
Board member, L Capital Asia

RACHIT GOSWAMI/www.indiatodayimages.com

Nurturing Entrepreneurs

He was the chief executive of the lifestyle arm of Reliance Retail and now **BIJOU KURIEN** has taken to mentoring start-ups, a different world altogether, in his words. What amazes him the most is the risk-taking appetite of the 20-something entrepreneurs. "I couldn't imagine taking the kind of risks these young entrepreneurs are willing to take when I was their age. I was so comfortable with the security of my job, unlike these youngsters who are so comfortable with the insecurity of their jobs." Kurien has also become a member of the strategic advisory board at L Capital Asia, a private equity firm. Here, his role is to help seasoned enterprises to take their businesses to the next level. Both the roles, he claims, have opened up a new set of learnings. "They have enabled me to look at businesses from a larger financial perspective rather than just strategy."

AJITA SHASHIDHAR

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Video interview with Gulbir S. Madan at
www.businesstoday.in/brahma-madan

Gulbir S. Madan
Chairman, Brahma Management

Betting on Real Estate

GULBIR S. MADAN, 54, has real estate in his blood. Without any job or business plan in mind, he went to the US in his late teens and forayed into the sector at 22. At the time, there was a boom in the US to convert apartments into condominiums. Madan made a killing out of it and slowly shifted into the asset management business. In 2005, he saw an opportunity in India and made investments in private and publicly-traded companies. Later, he forayed into the real estate sector in the country. Today, his company Brahma Management, an FDI-funded investment and asset management group, has three projects under construction – a mall in Gurgaon, and a township each in Gurgaon and Panchkula, near Chandigarh. "When we came to India, we realised that infrastructure and real estate would do exceedingly well in the long term. Infrastructure didn't interest us because of low returns. We decided that we will allocate some money to real estate. Now real estate has become a larger part of our investment portfolio," says Madan. "Gurgaon is one of the better markets but we [also] have plans to invest in Bangalore and Mumbai."

MANU KAUSHIK

VIKRAM KAILAS
Managing Director, Mytrah Energy

My first role model
My father. I learnt my life lessons, especially as an entrepreneur, from him

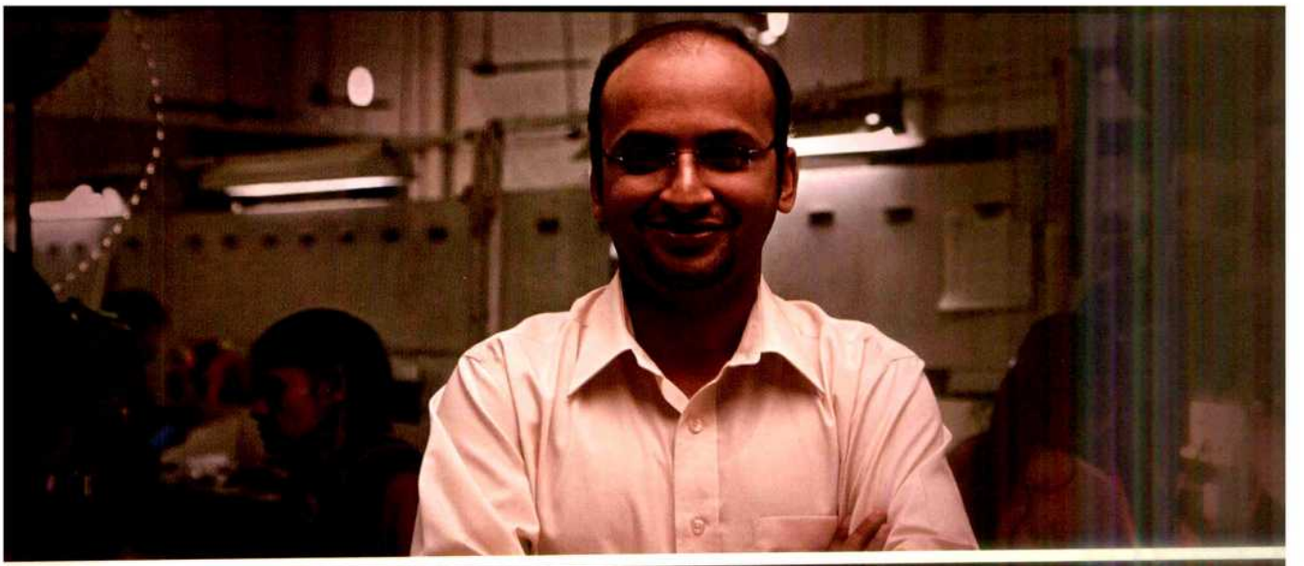
My first job
When I was in Class VI, I took a loan from my father, bought kites from wholesalers, and then sold them in front of my house

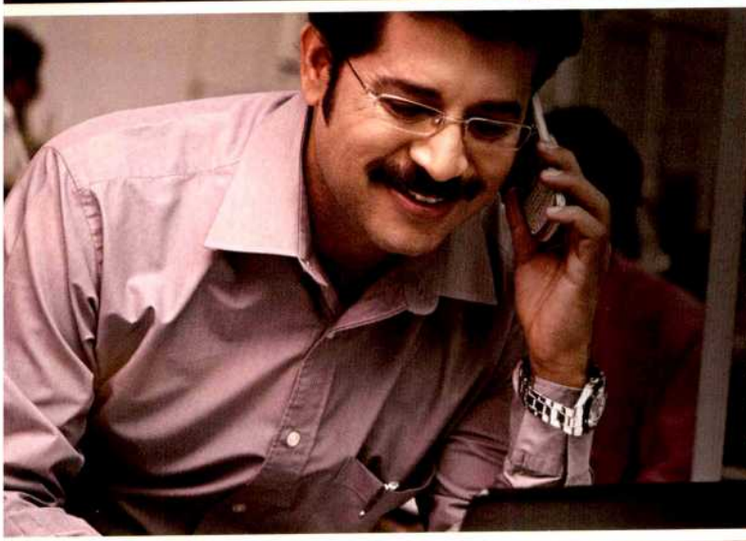
My first boss
My father, who initiated my journey to becoming an entrepreneur. Also uncle Ravi, who taught me to channel people's passions and get out of the way

My first promotion
When I became a father six months ago. I feel I began looking at life from a very different perspective. Life became more meaningful

My first disappointment
When I was not selected in the Under-16 cricket team in school to play at the state-level. It taught me that failure should be taken in one's stride

Photo by Nilotpal Baruah
As told to Goutam Das





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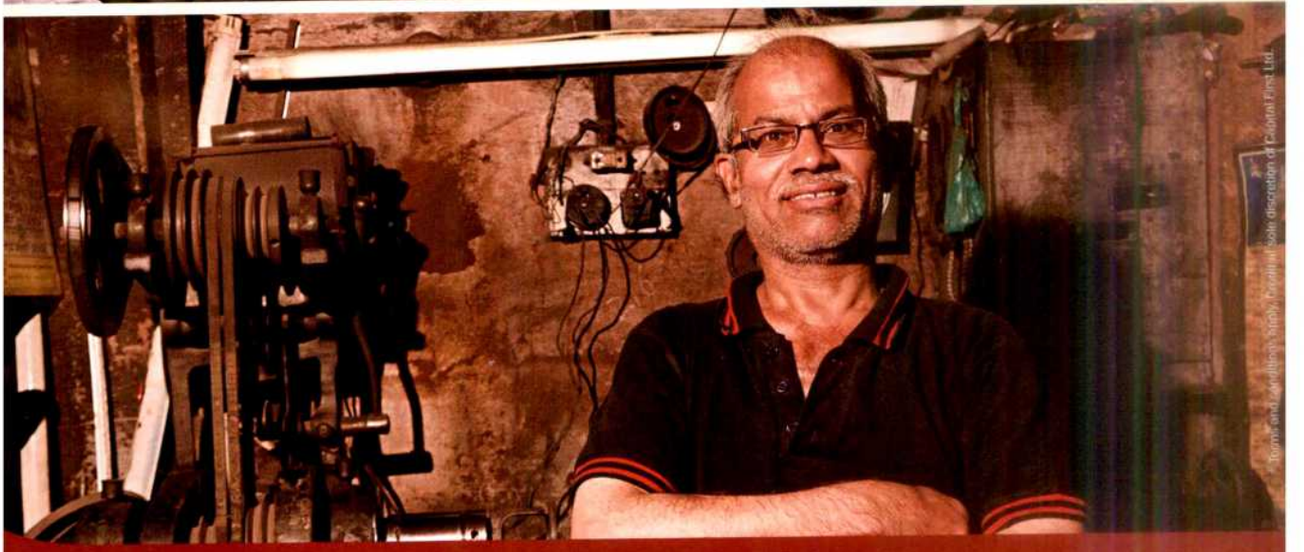

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BUDGET: JAITLEY'S LEAP OF FAITH p34

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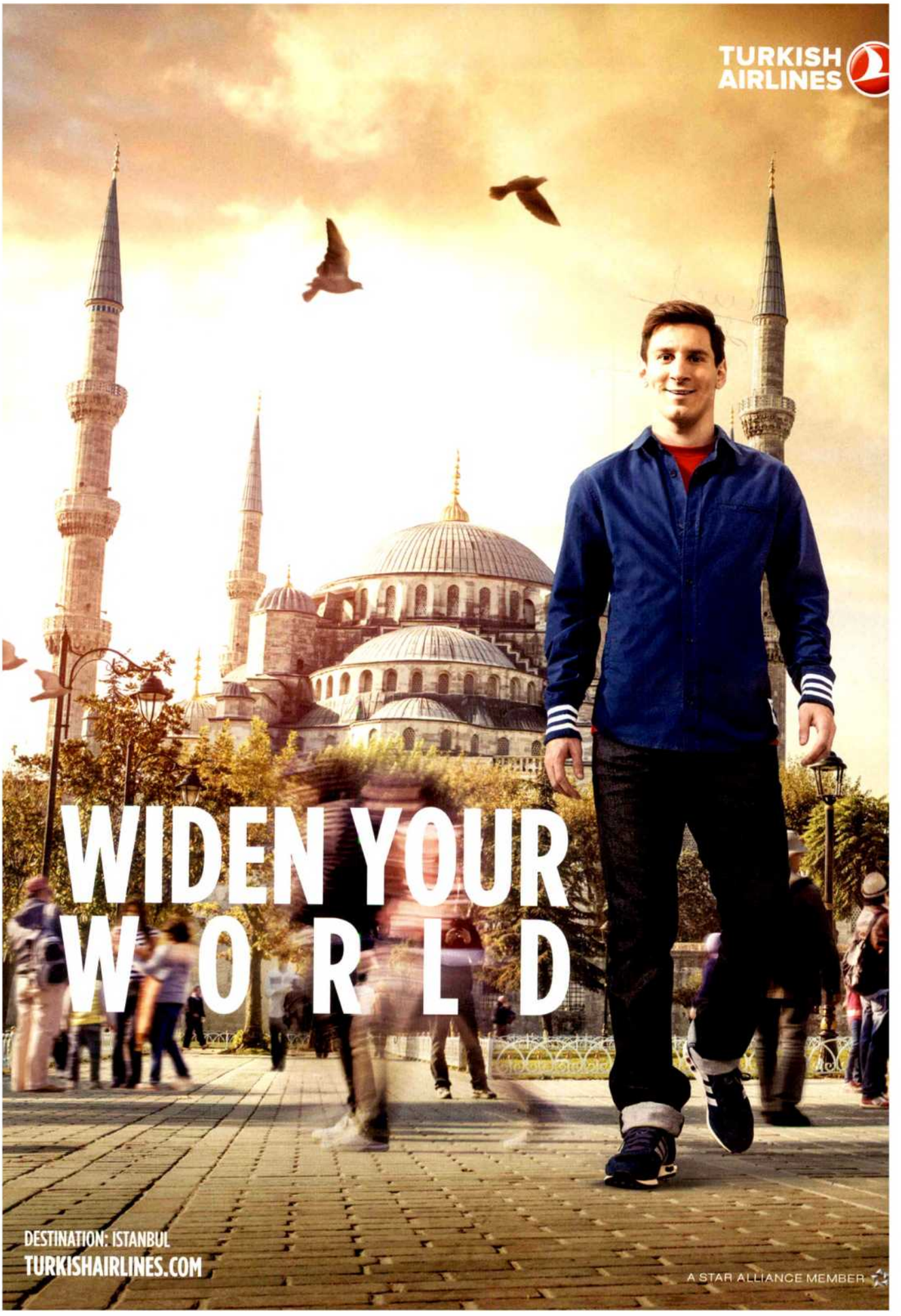
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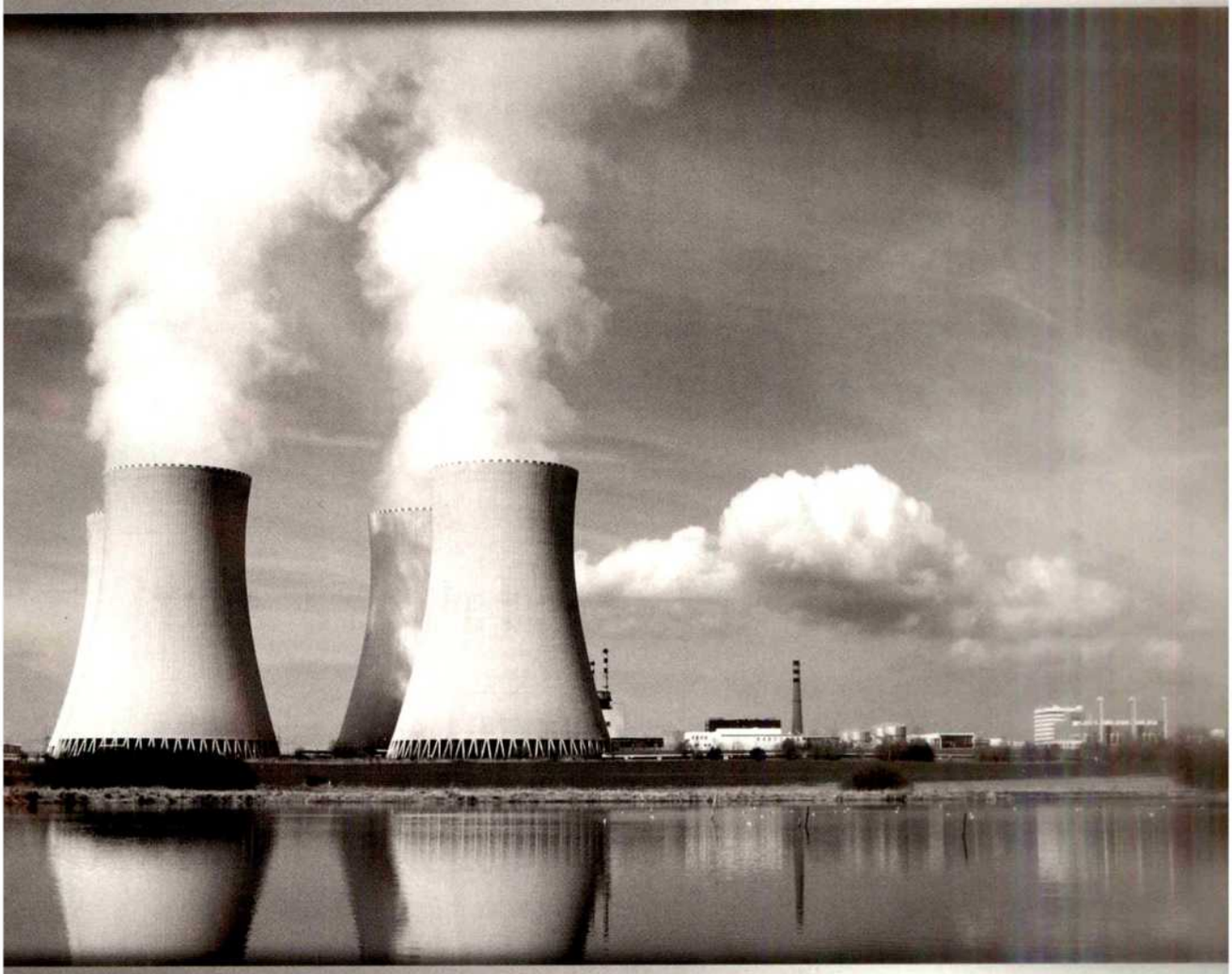

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FROM THE MANAGING EDITOR

Big Bang Budget, c. 2015/16

Arun Jaitley is a powerful man. It is a measure of his power and his proximity to Prime Minister Narendra Modi that despite losing the Lok Sabha elections, he was given charge of three ministries: finance, defence and corporate affairs. For someone with that heavy a bat, it really would not have been that difficult to push through a decisive Budget even with just 45 days in hand after he was sworn in. But Jaitley chose to present a Budget that looks tame in the context of what is needed to propel the economy forward. There are two ways to look at his and Modi's deliberate choice. One, Jaitley is keeping his powder dry for what could be a very tough year ahead for the economy. By now, the confirmation of a scant monsoon is all but in. Not only will we have sub-normal rainfall, its spread across the country will also be patchy. This means large parts of India will officially be declared drought-hit in the coming weeks and months. For a new Prime Minister who likes to roll up his sleeves and wade into a situation to take control of it, that will mean he will want all resources at his command – note that the food subsidy stays high despite low visibility on implementation of the Food Security Act. Also, the state elections in Maharashtra and Haryana pose political compulsions in cutting back on subsidies. All this indicates that the strategy is to ride through tough months, get some momentum going on the economic front, and be ready for a Big Bang Budget come February 2015.

That is one explanation for what came across as a lacklustre Budget on July 10. The other is that the Modi government believes the Budget is the first one in a string of 10, not five, NDA Budgets (not including the interim ones). The bet being that the BJP-led coalition will be re-elected at the end of its term in 2019. Viewed from that prism, a "less is more" approach to its maiden Budget this term makes sense: set in motion a few changes that will nudge fresh capital investments, unveil other changes that indicate the direction in which the government wants to move in, and make bets with some changes that could be multi-baggers. For instance, setting off 15 per cent of spending on plant and machinery above ₹25 crore against taxes will incentivise those sitting on the fence, especially among medium-sized businesses. Likewise, the tax holiday for power producers and changes in import duties on coal give clarity to businesses putting money into projects. Budget proposals like setting up a national market for farm produce and new warehouses for storage show the direction in which the government wants to move to nix supply chain gaps. As also, opening up defence manufacturing for foreign investment shows the intent in that direction with further reforms possible in future. But the big thrust in the Budget is the support the Modi government is pledging to start-up entrepreneurs and small businesses. It is yet not clear how the ₹10,000-crore fund to support entrepreneurial ventures will be structured, but there are several models in the world, like the one in Israel, that India can emulate from. Tax collections from new businesses may not add up to much, but the potential for capital accumulation among millions of entrepreneurs and the propensity to distribute it is high. Much of what we saw in Jaitley's Budget – and before that the railway Budget and the Economic Survey – will take time to play out and he and his boss, Modi, believe time is on their side. Our analysis, panel discussion and columns on the Budget start on page 34.

On our cover, this issue is one of our best-selling specials every year: The Best Companies to Work For. Which are India's best workplaces and why? Flip to page 60, to learn what makes the likes of Google, Tata Motors, Accenture, Coca-Cola, Tata Steel, BHEL, and Reliance Industries sought-after workplaces.

Josey Puliyenthuruthel

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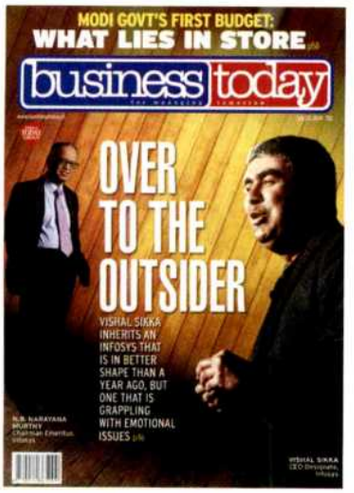

"Coining" Glory

This refers to your cover feature on Vishal Sikka (*Infy After Murthy*, July 20). Passing on the CEO baton to a rank outsider – ex-SAP Director Vishal Sikka – seems to be a smart strategic move on the part of founder N.R. Narayana Murthy, to pull the company out of its morass and pave the way for it to regain its earlier mojo. Bringing in an outsider will have a double-fold impact on the fluctuating fortunes of Infosys: it will put to rest the internal bickering which marked the entry of Murthy's son Rohan into the company, which seemed to suggest that perhaps he was being groomed as the heir to the empire in the near future. Sikka will bring in a fresh perspective and take an unbiased look at the power politics that has hitherto plagued the company's performance and sullied its market image to some extent. Having excellent credentials, Sikka will be able to command respect from the young professionals and lead the company to greater heights of performance in these competitive times. Let us hope and pray that Infosys has now tossed a genuine "sikka" (coin in Hindi) and will soon win back its leadership crown! If that happens, it will be Sikka's "coining" glory, indeed.

J.S. Broca, *New Delhi*

Deserving Her Political Success

The story on Amma Unavagam project (*Mother of All Populist Schemes*, July 20) was interesting. It is true that bad news spreads fast, but at the same time good work by politicians (which is itself very rare) is also appreciated sometimes. Tamil Nadu Chief Minister J. Jayalalithaa knows well how to hit the bullseye – the landslide victory in the recent Lok Sabha elections. Even if it has helped her politically, the Amma canteens are a good cause. They fight hunger and feed the poor on a large scale.

Namita Mahapatra, *New Delhi*

Tightening Debt Restructuring Rules

It was great to find such a well-written piece on debt restructuring (*Backup Fails the Test*, July 20). Though the purpose of corporate debt restructuring (CDR) is to provide relief to distressed borrowers, the recent spurt in restructuring cases indicates that many Indian banks are desperate to restructure assets in order to avoid increasing their non-performing assets. But if the promoters who have ruined their companies keep getting patronage, the system will soon be in serious jeopardy. The central bank has to find a way to tighten the CDR regulations to bring them on par with global practices – and do so soon.

Biswaranjan Mishra, *Gurgaon*

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Do not read much into Carrefour's exit from Indian soil, say experts.
Why you have been paid by *achche din* dream merchants to underplay this as a non-event? - **Somo Dutta**

It is a government of FDI, by FDI and for FDI: Mamata
And you are also by the Bangladeshi... for the Bangladeshi. - **Namburu Venkata Suresh Reddy**

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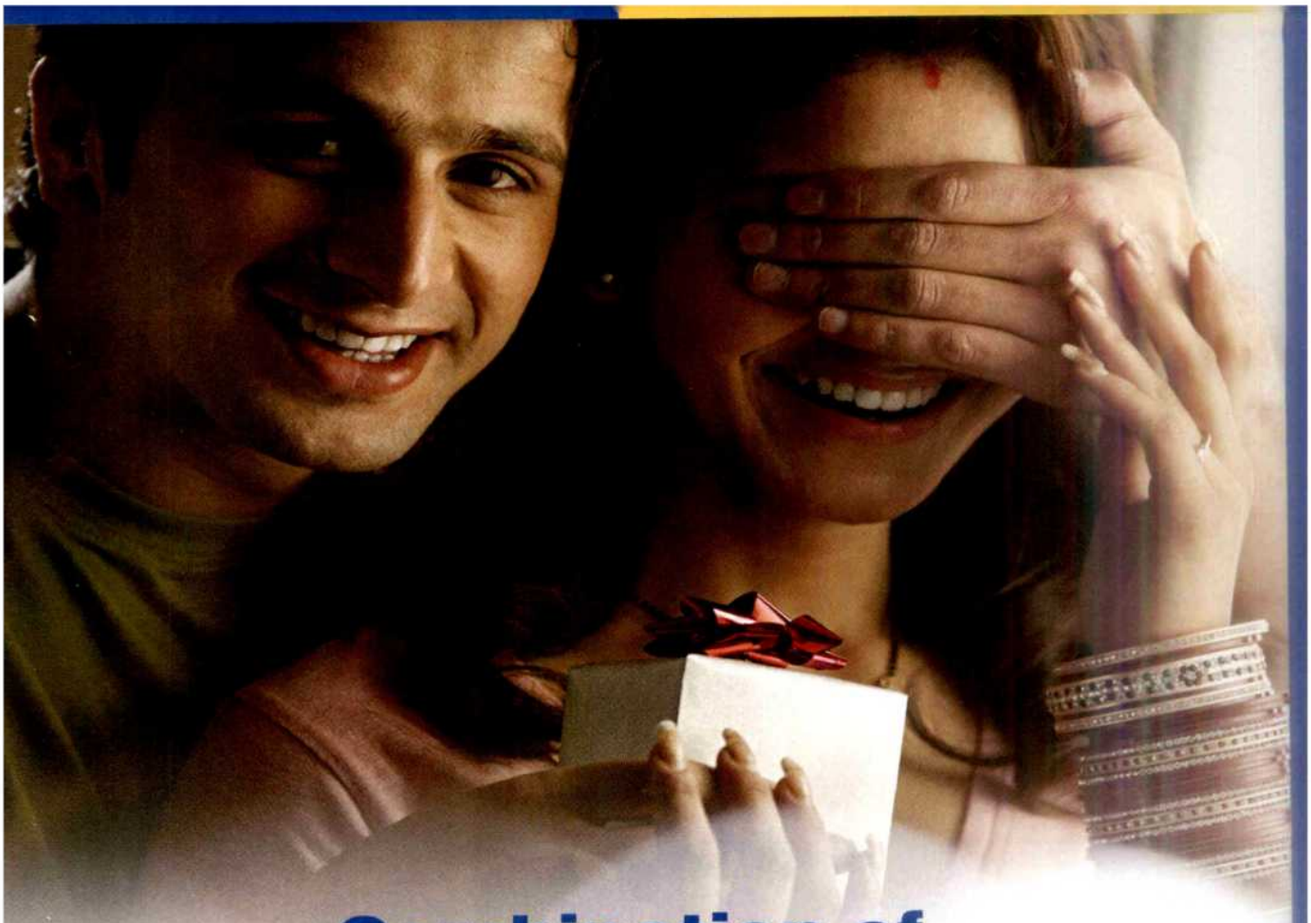

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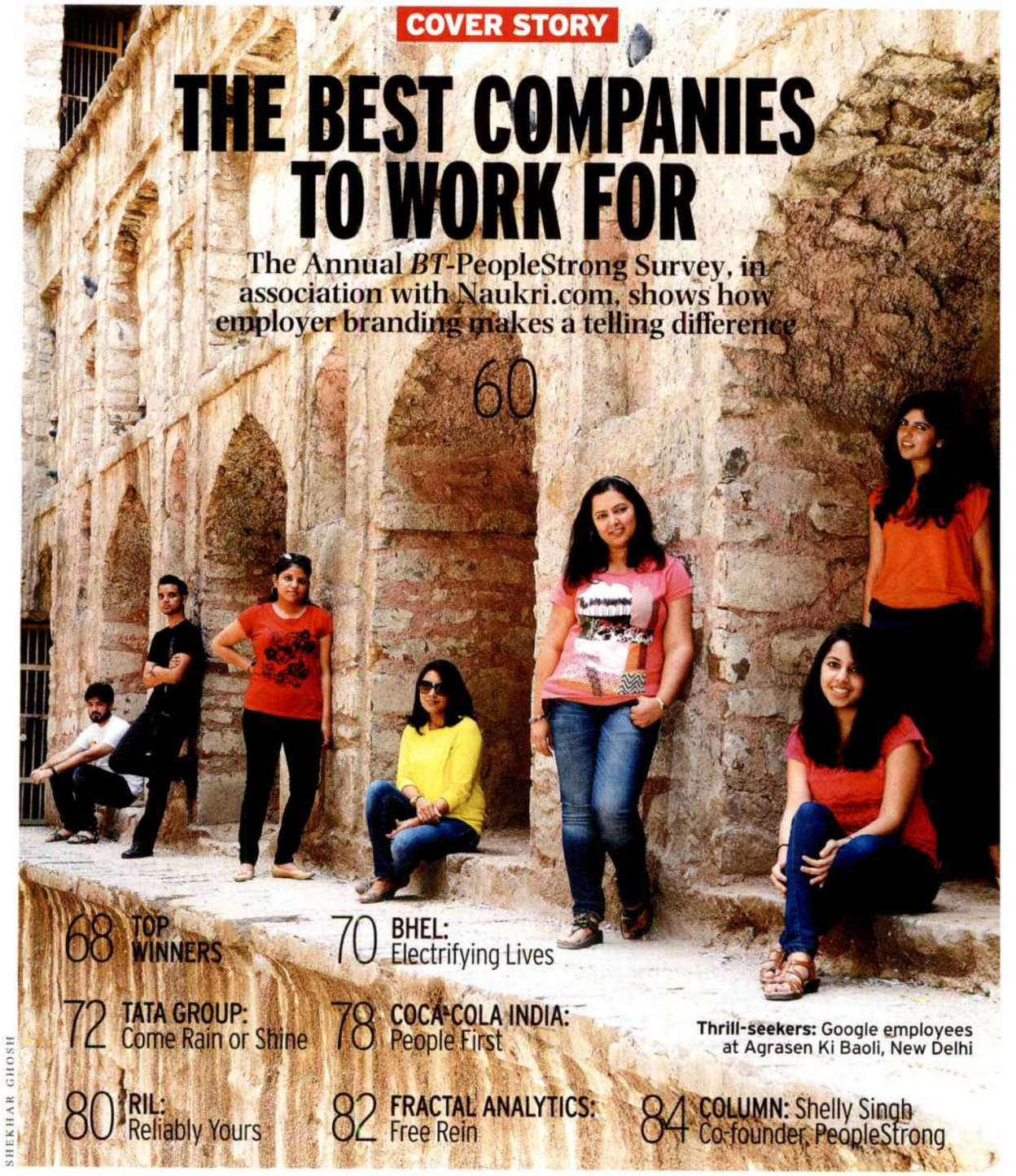

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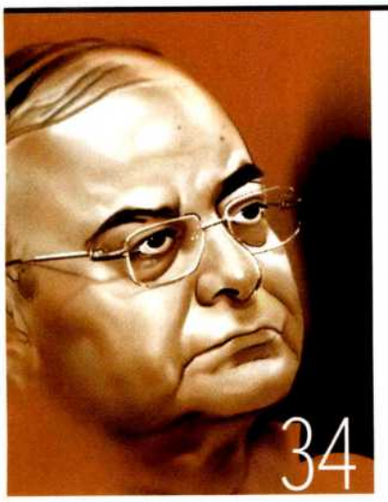

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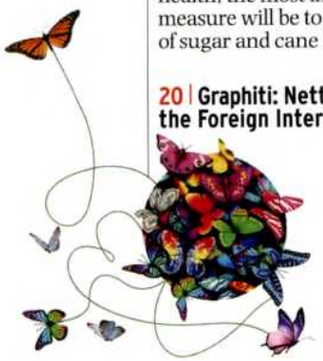

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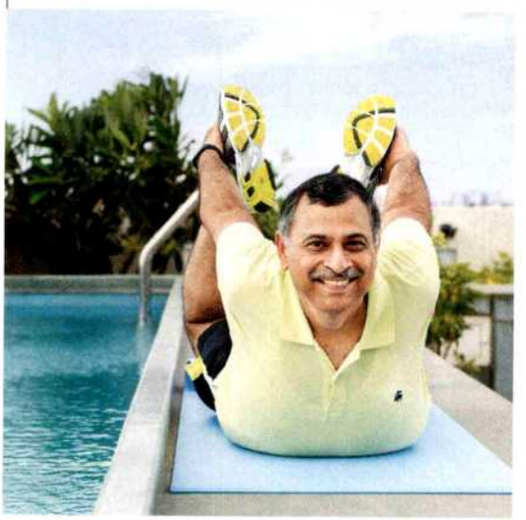

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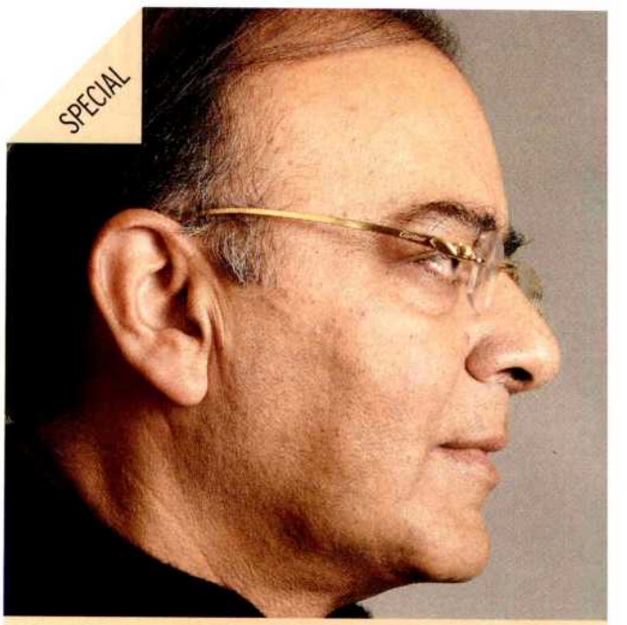

Budget Coverage

Business Today's special package at:
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Business Today Managing Editor Josey Puliyenthuruthel's take on the Budget.
businesstoday.in/budget2014-editorspeak

A series of articles on what Finance Minister Arun Jaitley's first Budget means for different sectors.
businesstoday.in/budget2014-decoded

A slideshow on CEOs' reaction on the Budget.
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Woodland's New Adventures
Why Woodland is eyeing the growing market for outdoor adventure equipment in India.
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Banks Open Doors to Bandhan Financial
Banks are queuing up to lend money to Kolkata-based microfinance institution Bandhan Financial Services, which got a banking licence in April.
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Betting on Reverse Innovation
Innovating specialised products for India and taking those innovations to other emerging-market countries is Philips India's latest mantra.
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Santhosh Babu offers a few tips on succession planning and developing top talent in organisations.
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Making Meetings Meaningful
Suresh Rajagopal, CEO of Consumerge Wealth Manager, suggests ways to achieve the most from meetings and avoid the obvious pitfalls
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"Investor money chasing very few investible companies"
Venky Natarajan, Managing Partner at impact investment fund Lok Capital, speaks to **Sarika Malhotra** about impact investing in India.
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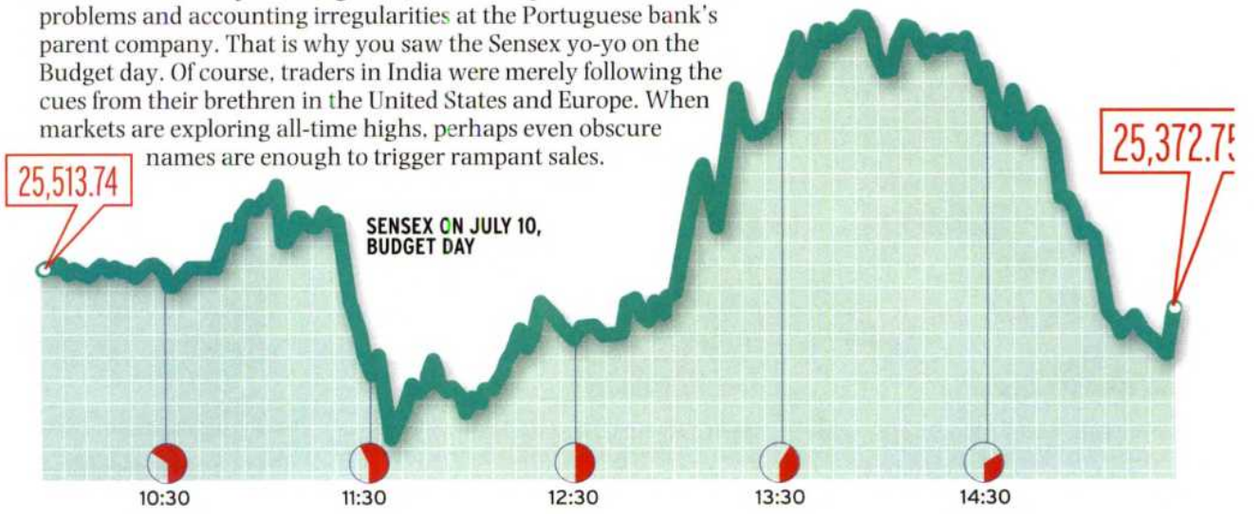
Surround Sound
E. Kumar Sharma on Telangana's plan to set up the Telangana Academy for Skill and Knowledge to help make engineering students employable.
businesstoday.in/kumar

FEAR OF THE UNKNOWN

Chances are that you wouldn't have heard of Banco Espirito Santo. Chances are that many stock traders in India wouldn't have heard of it either. But they were eager to sell once they heard of financial problems and accounting irregularities at the Portuguese bank's parent company. That is why you saw the Sensex yo-yo on the Budget day. Of course, traders in India were merely following the cues from their brethren in the United States and Europe. When markets are exploring all-time highs, perhaps even obscure names are enough to trigger rampant sales.



BITING APPLE

China Central Television, the state-owned broadcaster, carried a report saying the Apple iPhone is a threat to national security because of its ability to track user locations. The report, according to Reuters and Bloomberg, says the data can reveal details of the country's economic situation and also state secrets. This is not the first time Apple has been attacked in China. Nor is it the only American company to be so targeted. Not too long ago, it was accused along with Microsoft, Google, and Facebook, of cooperating in a secret US programme to monitor China.

BRAGGING RIGHTS

P. Chidambaram, 68, and Pranab Mukherjee, 78, can gloat. They did it standing up, with barely a pause. Forty-five minutes into his Budget speech, Arun Jaitley, 61, asked for a five-minute break; he was earlier seen clutching his back. He spoke for the remaining 85 minutes sitting down.

NOT QUITE STRIKING GOLD

As you read in these pages two issues ago, Goldman Sachs had come out with an exhaustive report to predict an Argentina versus Brazil final at the soccer World Cup. After the first stage of the tournament, the investment bank took Argentina out and put the Netherlands in the final as the one to be defeated by Brazil. The report was crunched by economists out of data from 14,000 matches. In contrast, Paul the octopus, who became a celebrity during the 2010 World Cup, had no access to economists or data, but correctly predicted the outcome of each game involving Germany back then, as well as of the final won by Spain.

7-1

ENOUGH SAID.

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News Digest

ICICI Bank will look at acquiring a bank if it finds one with the right size and right valuation, but is yet to find a takeover target that fits in its evaluation model, the bank's chief Chanda Kochhar said. In the past, ICICI Bank has acquired entities such as Bank of Madura, Sangil Bank and Bank of Rajasthan.

A panel, headed by former chairman of the Prime Minister's Economic Advisory Council C. Rangarajan, has dismissed the Tendulkar Committee report on estimating poverty, and said that the number of poor in India was much higher in 2011/12 at 29.5 per cent of the population, which means that three out of 10 people are poor. As per the report, persons spending below ₹47 a day in cities would be considered poor, much above the ₹33-per-day mark suggested by the Suresh Tendulkar Committee. As per the Rangarajan panel estimates, poverty stood at 38.2 per cent in 2009/10 and slided to 29.5 per cent in 2011/12.

French retail giant Carrefour SA will shut down its five Indian wholesale stores by the end of September, as it exits underperforming markets to focus on reviving its French business. Carrefour has been in talks with Indian retail companies and strategic investors about its Indian assets in recent months.

Indian companies, mostly in the infrastructure sector, sold assets worth ₹80,000 crore in the last 18 months, according to a Crisil study. Another ₹60,000 crore worth of assets is expected to come up for sale in the current financial year.

The Securities Apellate Tribunal has dismissed Jignesh Shah-promoted Financial Technologies' (FTIL) plea against a SEBI order, declaring it unfit to own stakes in market infrastructure institutions. GM SAT gave FTIL four weeks to divest its stakes in bourses, including MCX-SX.

ONGC has raised $2.2 billion - the largest bond sale from the country - to fund its overseas arm OVL's Mozambique asset purchase.

Infosys opened the technology earnings calendar for the April-June quarter reporting numbers in line with market expectations. The company reported a net profit of ₹2,886 crore, down 3.5 per cent from ₹2,992 crore in the previous quarter.

Telecom major Vodafone will continue the international arbitration process in the ₹20,000-crore tax dispute with Indian authorities, as the government has decided not to drop retrospective amendment in tax laws.

Manufacturing and services sectors in India expanded at a faster pace than China during June, while emerging market output registered the strongest upturn in business activity since March quarter of 2013. The HSBC Emerging Markets Index (EMI) stood at 52.3 in June, up from 50.6 in May, signalling the sharpest rate of expansion since March 2013.

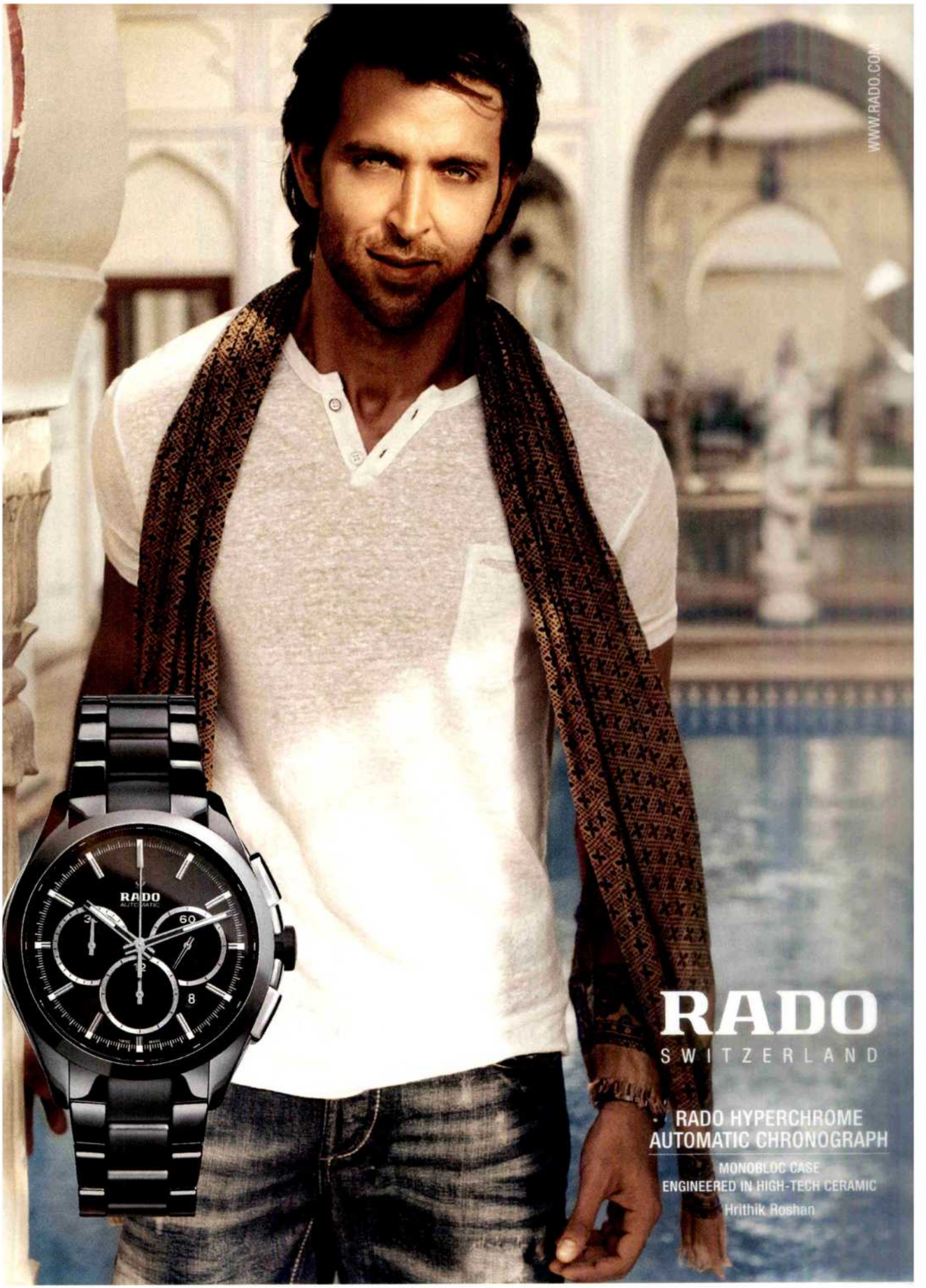
India and UK have agreed to set up a £1 billion line of credit to finance infrastructure projects such as the Bangalore-Mumbai Economic Corridor. Financial services industries will establish closer ties between London and Mumbai once the UK-India Financial Partnership gets going.

Low-cost carrier SpiceJet has offered 10 lakh tickets at a base fare of ₹999. The tickets that were required to be bought up to the Budget day on July 10 are for domestic travel between January 6 and October 24, 2015. The airline posted its highest ever annual loss of ₹1,003.2 crore in the financial year 2013/14, up five times from ₹191 crore in the previous fiscal.

The Switzerland government has informed India that there is no list of Indian tax residents holding assets in Swiss banks, the government told Parliament. The Indian government has no authentic estimate of the amount of black money held by Indians in foreign banks and cannot give a definite time frame within which it can bring back this money into the country, according to Minister of State for Finance Nirmala Sitharaman.

Indian drug firms, Lupin and Unichem Laboratories, are among six global drugmarkers slapped with a collecitve fine of €427.7 million by the European regulator for striking deals to prevent the entry of cheaper versions of blood pressure drug Perindopril in the EU. The Indian drugmakers were planning to appeal the decision. Other drugmakers who were fined include Teva Pharmaceutical Industries of Israel, Mylan Inc. of the US and Kirka Group of Slovenia.

Overseas direct investments by Indian corporates rose to $5.03 billion in June from $1.58 billion in the previous month. The investments include equity, loans and bank guarantees issued. Total overseas direct investments from India in June included $131.4 million in equity financing, $322.9 million in loans and $4.58 billion in guarantees, the RBI said. In June 2013, total overseas commitment by Indian corporates was $3.12 billion.



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Nothing Sweet About It

Bitter taste: Cane farmers on their way to a sugar mill in Malegaon, near Baramati in Maharashtra

MANDAR DEODHAR

The recent sops for the sugar industry will help only in the short term at best. For long-term health, the most important measure will be to link prices of sugar and cane. By AJAY MODI

₹10,000 cr
The amount that sugar mills have yet to pay cane farmers

Many would have thought that the sugar industry lost a champion in Sharad Pawar when the Congress party-led United Progressive Alliance (UPA) lost power in the recent general elections. After all, Pawar as agriculture minister during the UPA's 10-year rule had helped bail out the sugar industry out of many a crisis. But the exit of the UPA and Pawar doesn't seem to have any adverse impact on the sector's fortunes, what with the new National Democratic Alliance (NDA) government announcing a sweet deal for the industry in its first month of rule.

The NDA government, led by the Bharatiya Janata Party (BJP), announced a slew of meas-

ures for the sugar industry on June 23. These include providing interest-free loans of ₹4,400 crore for two years, retaining export subsidy of ₹3,300 per tonne, increasing import duty on sugar to 40 per cent from 15 per cent, and doubling the amount of ethanol blending in petrol to 10 per cent. The government has indicated it will implement these measures only after the industry submits a payment schedule to clear its massive arrears to sugarcane farmers.

The industry has welcomed the measures that it says are critical to helping both mills and farmers. "You cannot afford to sit back and relax when the country's sugarcane farmers have not been paid over ₹10,000 crore," says Abinash Verma, Director General of the industry group Indian Sugar Mills Association (ISMA).

The previous UPA government had taken several initiatives to help the sugar industry from time to time. The biggest reform was undertaken in April last year when the UPA eased government control over the sector. Previously, the government of the day decided the so-called levy obligation under which mills had to sell one-tenth of their produce at a discounted price for the public distribution system, as also how much sugar each mill could sell on the open market every month. The UPA ended both practices. The Congress-led alliance had also introduced ethanol blending in petrol. Power production from bagasse, a by-product of sugar manufacturing, also got a push during the UPA regime.

Pawar, who was also food minister for seven years during the UPA's rule, was seen as someone who understood the sugar sector better than other politicians. But his proposals were opposed by his cabinet colleagues at times because it was thought that any incentives for the sector would benefit Pawar and his Nationalist Congress Party, which has a base in Maharashtra, the country's largest sugar producing state and the second-largest cane grower.

That the NDA is also doling out financial incentives for the sugar industry now does not seem surprising considering the results of the recent general elections. One-fourth of the BJP's Lok Sabha MPs come from Uttar Pradesh, the biggest cane grower and the second-largest sugar producer. The BJP won 71 of 80 seats in Uttar Pradesh, which helped to take its total tally to 282. In Maharashtra, the NDA got 41 of 48 seats – the BJP won 23 and the Shiv Sena 18. Besides, assembly elections in Maharashtra will be held later this year. Cane farmers form a large vote bank in both states. Uttar Pradesh alone has more than four million cane farmers, and mills owe ₹7,000 crore to farmers in the state.

Prime Minister Narendra Modi highlighted the issue while addressing an election rally in February in Meerut, a prominent cane-growing area in western Uttar Pradesh. Modi criticised the state government for mills' arrears to farmers and boasted the timely payment to farmers and the higher cane productivity in Gujarat, where he was then chief minister. Although Gujarat contributes only about four per cent to the country's 25 million tonne sugar output, mills in the state are cooperatives run by farmers and follow a system where the price of cane that mills pay to farmers is linked to the revenue realization from sugar.

Another reason why sugar turned out to be the first sector whose demands were met by the new government is the presence of several lawmakers from sugar or cane-producing regions in Modi's cabinet. Nitin Gadkari, Minister for Road Transport, Highways and Shipping, owns sugar mills in Maharashtra while constituencies of Women and Child Development Minister Maneka Gandhi (Pilibhit) and Minister of State for Agriculture and Food Processing Sanjeev Balyan (Muzaffarnagar) are important cane belts in Uttar Pradesh.

SUGAR FIX
Government measures for the industry

April 2013: The UPA ends the practices of deciding levy sugar and release mechanism for mills

December 2013: The UPA announces interest-free loans of **₹6,600 cr,** and subsidy of **₹3,300** per tonne on export of four million tonne of raw sugar

June 2014: The NDA announces interest-free loans of **₹4,400 cr,** increases import duty to 40% from 15%, extends export subsidy till September and doubles ethanol blending in petrol to 10%

Patchwork support

Although the recent government measures will provide some relief to the sugar industry in the short term, any dramatic improvement is unlikely to be sustained in the long term. Why? This is because the government hasn't addressed the most contentious issue – the price of cane. Mill owners say several states fix the price of cane at levels that have no connect with market prices of sugar. (While the Centre announces a price for sugarcane every year, states are free to decide their own price. It is mandatory for mills to buy cane at the state-advised price.)

Deep N. Mukherjee, Senior Director (Corporate Ratings) at India Ratings and Research, says these short-term steps will only provide liquidity to the sector. "The liquidity pressure is an outcome of artificially determined cane prices at unsustainable levels. To the extent government intervention with determining input prices are not minimised, the sector would continue to move in and out

WELCOME CHANGE

Shares of major sugar producers have jumped since the NDA emerged victorious in the Lok

COMPANY	SHARE PRICE (IN ₹) AS OF MAY 16	SHARE PRICE (IN ₹) AS OF JULY 7	CHANGE
Triveni Engineering	17.80	29.10	63
Bajaj Hindusthan	18.65	29.85	6
Dhampur Sugar	43.80	64.75	4
Balrampur Chini	62.35	82.05	31
Renuka Sugars	21.65	27.60	27

of distress," he says. "Patchwork support to farmers as well as mill owners will not help anyone in the long run."

Mill owners say states such as Uttar Pradesh use cane prices as a political tool. They argue that, based on sugar prices, they can only pay ₹231 per quintal of cane for the sugar season that began in October 2013 while the state government fixed the price at ₹280. Consequently, mills owe a massive amount to farmers.

Also, many sugar makers in Uttar Pradesh have been suffering heavy losses for two years, as the market price of sugar remained stagnant due to surplus stocks while the cane price rose. The average national sugar price has dropped from ₹36.64 a kilogram in April 2013 – when government control over the sector was eased – to ₹36.12 a kg in June this year, government data show. Sustained losses have eroded the net worth of Mawana Sugars, which has registered with the Board of Industrial and Financial Reconstruction in a bid to revive itself. The net worth of Simbhaoli Sugar, also based in Uttar Pradesh, has been eroded as well. Sugar makers in other states are also going through tough times. Coimbatore's Rajshree Sugars, for instance, restructured its debt earlier this year. Sakthi Sugars, based in the same Tamil Nadu city, is undergoing a similar process.

₹280

The price of cane per quintal fixed by the Uttar Pradesh government. Mills are willing to pay ₹231

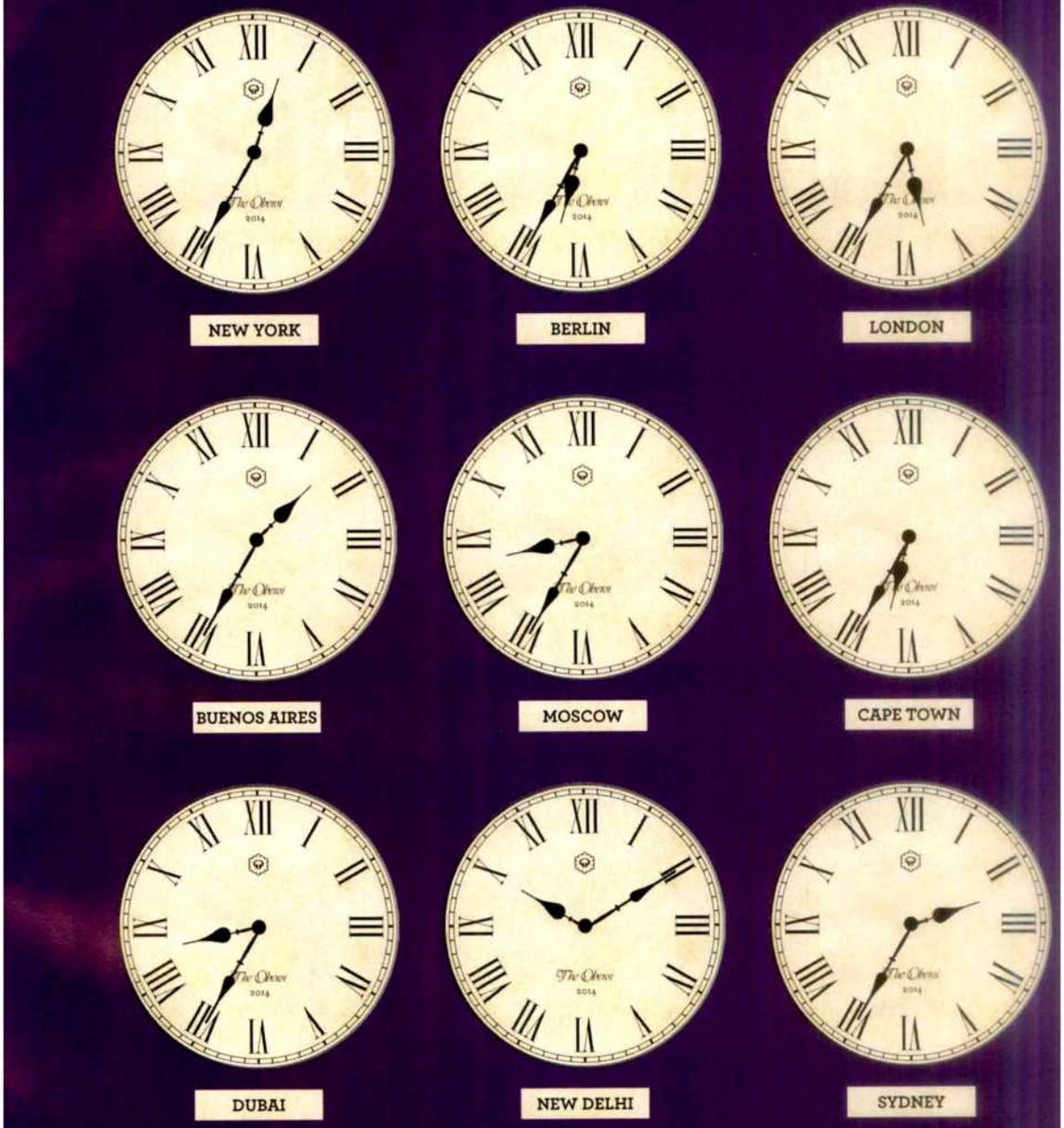
Mill owners say the most important step the government should take to ensure the health of the sugar industry on a sustainable basis is to link cane price with sugar realization. In October 2012, a government committee headed by former Reserve Ba governor C. Rangarajan suggeste and sugar prices should be in Although this suggestion hasn't b mented, the committee's report w of the UPA regime's decision to e over the sugar sector in April last y

Sugar-linked cane price has several other countries including biggest sugar producer, as well a and Australia. In India, while Ma and Karnataka have initiated steps formula to decide canes price, Utt has yet to move forward in this "How can a mill in Uttar Prades with a mill in a Maharashtra or that pays a mu price for sugarca Gaurav Goel, M Director at D Sugars, which is b northern state.

Ajit Shriram, of ISMA and Dep agri-business company DCM Shri that many states in western and India have linked cane and sugar that the central government sho convince other states, especially in to follow the same practice. "This w survival of the industry and zero farmers," he says. Narendra Murku Renuka Sugars, concurs. "The centr ment has done its best to salvage try," he says. "States should now re get out of the business of fixing s prices to appease the vote bank." ◆

@a

LINKING CANE PRICES WITH THAT OF SUGAR HAS WORKED IN SEVERAL OTHER COUNTRIES, INCLUDING BRAZIL, THAILAND AND AUSTRALIA



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GURGAON

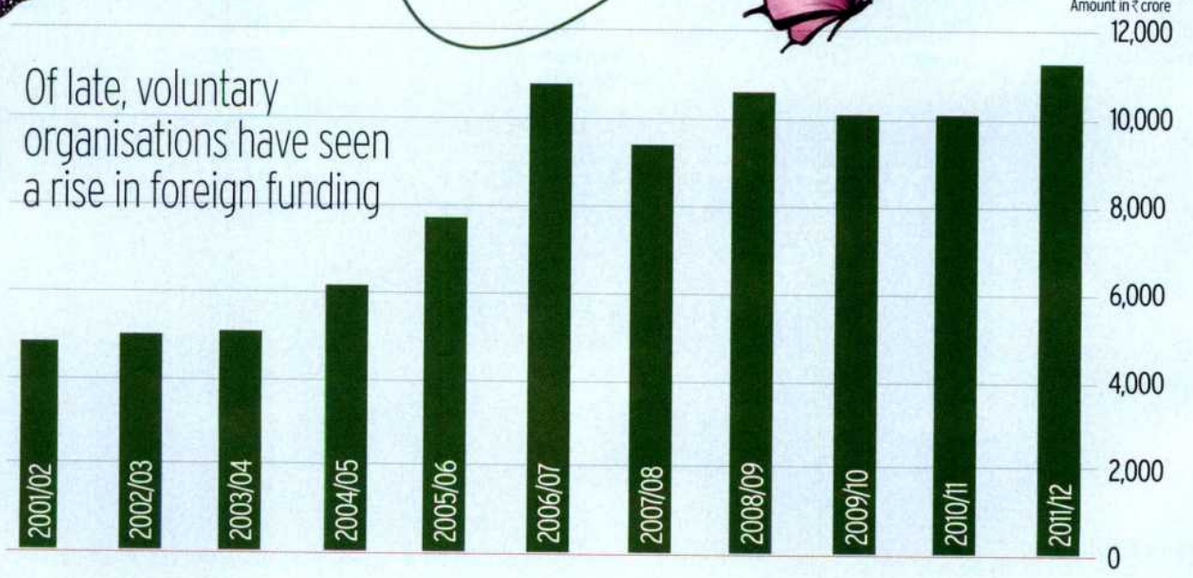
NETTING THE FOREIGN INTEREST

A leaked Intelligence Bureau report in June accused 'foreign funded' NGOs of running campaigns which retarded India's GDP growth. While the link between foreign funding of NGOs, agitational politics and policymaking is a tenuous one, there is no doubt that such funding has been growing. A closer look.

Graphic by **Anand Sinha** Research by **Niti Kiran**

22,702
TOTAL NGOs IN 2011/12

1 Of late, voluntary organisations have seen a rise in foreign funding



2 Between 2007/08 and 2011/12, 678 NGOs received foreign donations above ₹10 crore

	Below ₹1 crore	Between ₹1-5 crore	Between ₹5-10 crore	Above ₹10 crore
2007/08	17,101	1,399	167	129
2008/09	18,161	1,590	204	133
2009/10	19,602	1,594	179	133
2010/11	20,827	1,610	163	135
2011/12	20,297	1,702	178	148

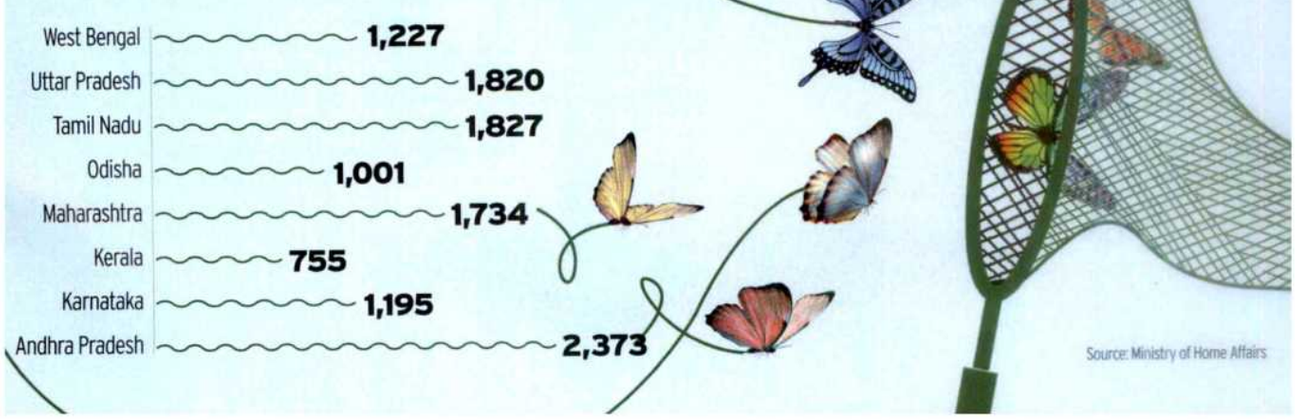
3 Between 2009 and 2012, the US was the biggest donor country

- ₹1,219 cr UK
- ₹1,096 cr Germany
- ₹528.9 cr Italy
- ₹418.4 cr Netherlands

4 The National Capital Territory of Delhi has received the highest amount of foreign contribution

- ₹1,704.76 cr Tamil Nadu
- ₹1,258.52 cr Andhra Pradesh
- ₹1,107.39 cr Maharashtra
- ₹1,101.09 cr Karnataka

5 A total of 16,756 NGOs have not filed their annual returns for 2011/12 so far



Source: Ministry of Home Affairs

Forget Me Not

App Name: LastPass Password Manager Premium; Free (first 14 days after which it costs $12 per year)

Remembering your passwords every time you key into an account can be quite a challenge. LastPass is an award-winning application that not only remembers all your passwords but also inserts the password into the login screen when opened in a browser or any other app. The beauty of this rather simple app is that it works across devices, including your laptop and mobiles handsets.

AN APP THAT HELPS REMEMBER YOUR PASSWORD, A BLACKBERRY UPGRADE, AND THE WORLD'S FIRST ULTRA HD LAPTOP FROM TOSHIBA

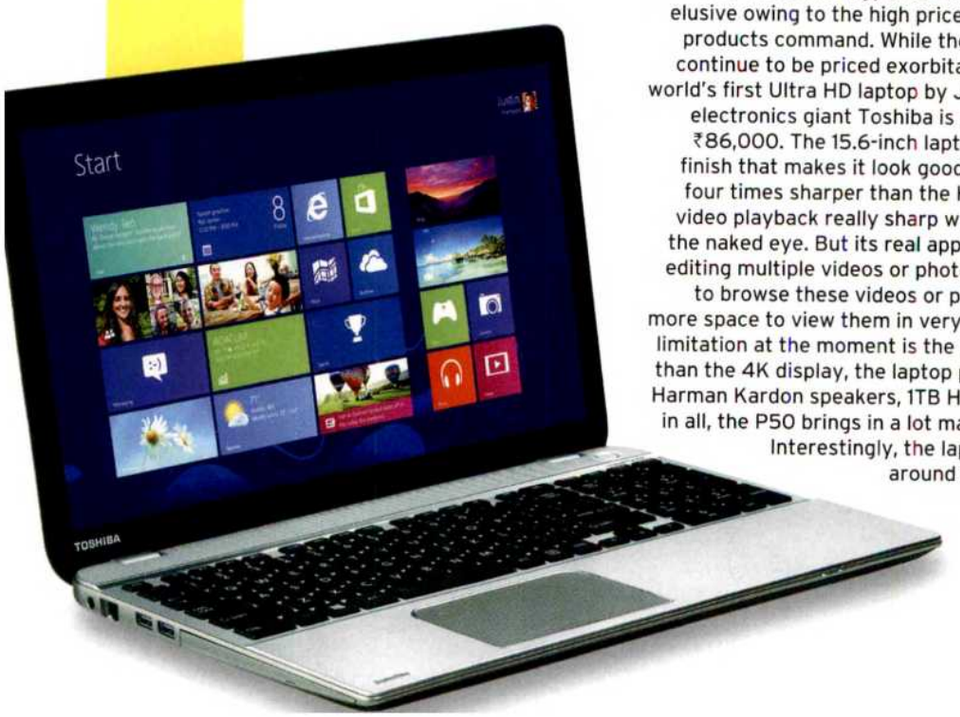
BB's Back

BlackBerry might not be attracting new customers but its loyal fans were waiting for a good upgrade. At ₹15,990, the BlackBerry Z3, which seems to be inspired by the design language of the Z10, is the perfect device for them. The Z3 has a rectangular design and a textured back. Running on BlackBerry OS 10.2.1, the device includes Priority Hub, one of the best features of this OS. Under Priority Hub, all important notifications including messages, emails, calls and BBM are stored under a single hood. The phone has a five-inch display with 960x540 pixel resolution offering vibrant colours. It is powered by a 1.2 GHz dual core processor and 1.5 GB of RAM. Its multitasking is competent and the device doesn't hang at all.

Priority Hub, build

Lack of apps

BlackBerry Z3 **Price:** ₹15,990



Toshiba Satellite P50 **Price:** ₹86,000

Lap It Up

4K display, speakers

No content upscaling to 4K, Heavy

The 4K technology is currently very elusive owing to the high price that the products command. While the 4K TVs continue to be priced exorbitantly, the world's first Ultra HD laptop by Japanese electronics giant Toshiba is priced at ₹86,000. The 15.6-inch laptop has a brushed metallic finish that makes it look good. The screen resolution is four times sharper than the HD resolution, making the video playback really sharp which may not be visible to the naked eye. But its real application lies when you are editing multiple videos or photographs. You do not have to browse these videos or photographs and you have more space to view them in very high resolution. The only limitation at the moment is the lack of 4K content. Other than the 4K display, the laptop packs in the i7 processor, Harman Kardon speakers, 1TB HDD and 16 GB of RAM. All in all, the P50 brings in a lot many features at this price. Interestingly, the laptop is easily retailing for around ₹5,000 cheaper than the company price of ₹86,000.

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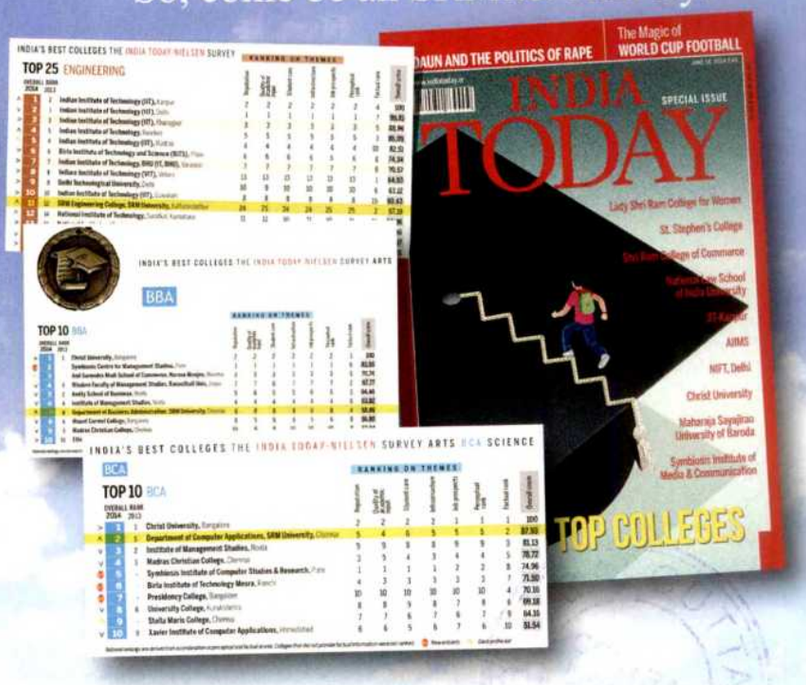

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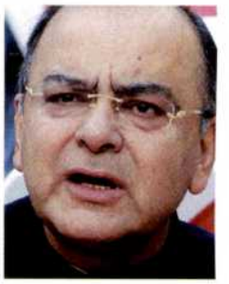
"I wish I could do more for the *aam aadmi* but my hands were tied due to limited fiscal room. But I have put more money and savings in the hands of people"



Arun Jaitley, *Union Finance Minister, to agencies*

"BJP sought a mandate for a 'Congress *mukt*' (free) Bharat. Arun Jaitley would have realised it is not possible to have even a Congress-*mukt* Budget"

P. Chidambaram, *former finance minister, to PTI*

"THIS DOESN'T LOOK VERY DIFFERENT (FROM THE PREVIOUS GOVERNMENT'S BUDGETS). THE NAMES OF THE SCHEMES HAVE CHANGED, THAT'S ALL"

Madan Sabnavis, *Chief Economist, CARE Ratings, to* The Wall Street Journal

"The budget is visionless, missionless and actionless from the angle of the common people"

Mamata Banerjee, *Chief Minister, West Bengal, to agencies*

"We don't see any major announcements on expenditure cuts, particularly subsidies. There is nothing which indicates a significant cut in subsidy levels of food, fertiliser, etc"

Roopa Kudwa, *CEO & MD, Crisil Ltd, on* CNBC-TV18

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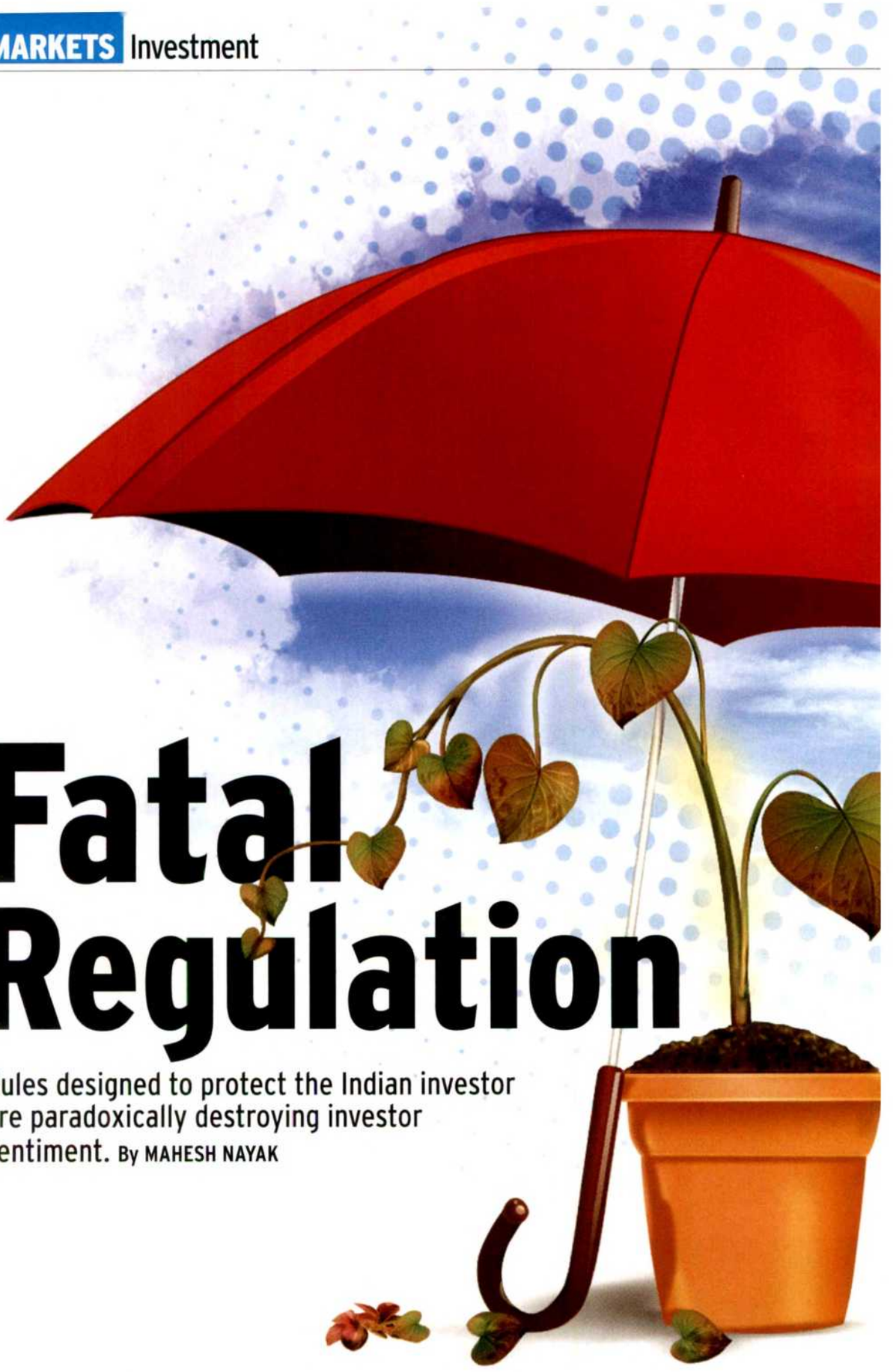


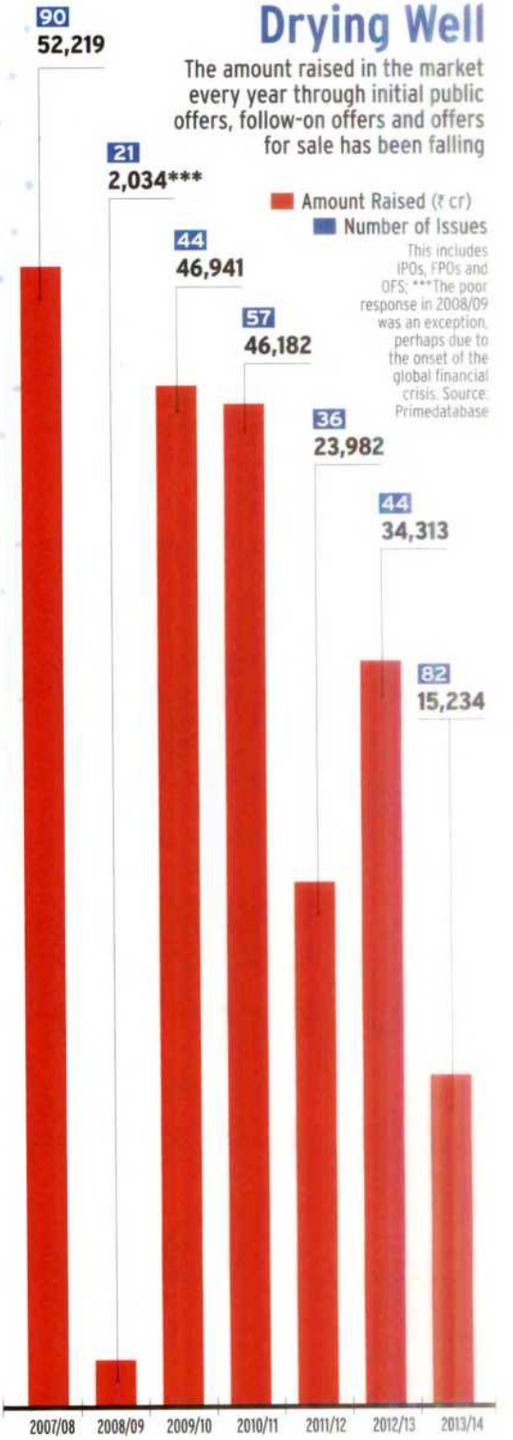
Fatal Regulation

Rules designed to protect the Indian investor are paradoxically destroying investor sentiment. By MAHESH NAYAK

Market analyst and investor Arun Kejriwal wanted to invest ₹50,000 in his grandson's name in the Rajiv Gandhi Equity Savings Scheme (RGESS), expressly started by the government in 2012 to encourage small investors to put their savings in the capital market. But he found he could not. "My grandson was then just 28 days old, but he had a depository participant (demat) account in his name as the family had bought tax-free bonds for him at the time of his birth," says Kejriwal. "I was told that because he had a demat account, he was not eligible to invest in the RGESS. No one cared to verify if he had ever held equities in that account." Investors are barred from the scheme if they already hold shares.

The RGESS has other restrictive criteria, too – the investment limit is ₹50,000. Only first-time investors are allowed a tax benefit and that too, those with an annual income of ₹10 lakh or less. The funds can be invested only in the 100 top companies. Not surprisingly, the total investment in the scheme in 2013/14 was less than ₹250 crore to ₹300 crore.

The RGESS is not the only example. People are reluctant to invest in the stock market, initial public offerings (IPOs) by companies are drying up, the mutual funds industry is struggling, the debt market faces huge hurdles – all because of over-regulation. Ironically, many of these regulations were intended to



Longer version of the story at
businesstoday.in/markets-regulation

protect the investor, but in practice have succeeded in virtually killing investing sentiment. "Over-regulation has made the market unfavourable for investors," says Kejriwal.

This was underscored once again on July 7, when the Bombay Stock Exchange Sensex touching an all-time high on 26,100 points was greeted with near-indifference. Many years ago, when the same Sensex crossed 5,000 points, there were celebrations on Mumbai's Dalal Street with brokers and distributors giving out sweets and releasing balloons. What has changed? "No investor or intermediary is really making money," says Amit Maheshwari, Managing Partner at Delhi-based financial consultancy and chartered accountancy firm, Ashok Maheshwari and Associates. "I know for a fact that brokers are struggling and many have, in fact, diversified into property broking."

The Sensex keeps climbing, yet the primary and secondary markets remain sluggish. Why are such few IPOs being launched? Only ₹14,000 crore have been raised from the primary market in the past three years, compared to ₹37,000 crore in 2010. The persisting economic downturn is no doubt a factor, but another important dampener is the existing law which seeks so much information and lays down so many preconditions – relating to secure returns for investors, fair pricing of shares, etc – that easy underwriting is not possible. "Today the emphasis is only on information rather than growing the market or increasing retail participation," says Nilesh Shah, CEO and Managing Director, Axis Direct, Axis Bank's subsidiary that offers retail broking and investment services. "That has made the filing of IPOs cumbersome." He points out that despite the restrictive law, investors are not really protected. "There are so many companies whose shares were trading at a discount immediately after the IPO. Why didn't the regulator pull up the company or the investment banker for overpricing the issue?"

Dwindling Numbers

Strong competition and low margins are driving brokers away from the market

REGISTERED MARKET INTERMEDIARIES	TOTAL NO 2012/13	TOTAL NO 2013/14*
BROKERS (cash segment)	10,128	9,150
CORPORATE BROKERS (cash segment)	5,113	4,925
SUB-BROKERS (cash segment)	70,178	54,846
BROKERS (derivatives)	2,957	3,072
BROKERS (currency derivatives)	2,330	2,382

*Till December 2013 Source: SEBI

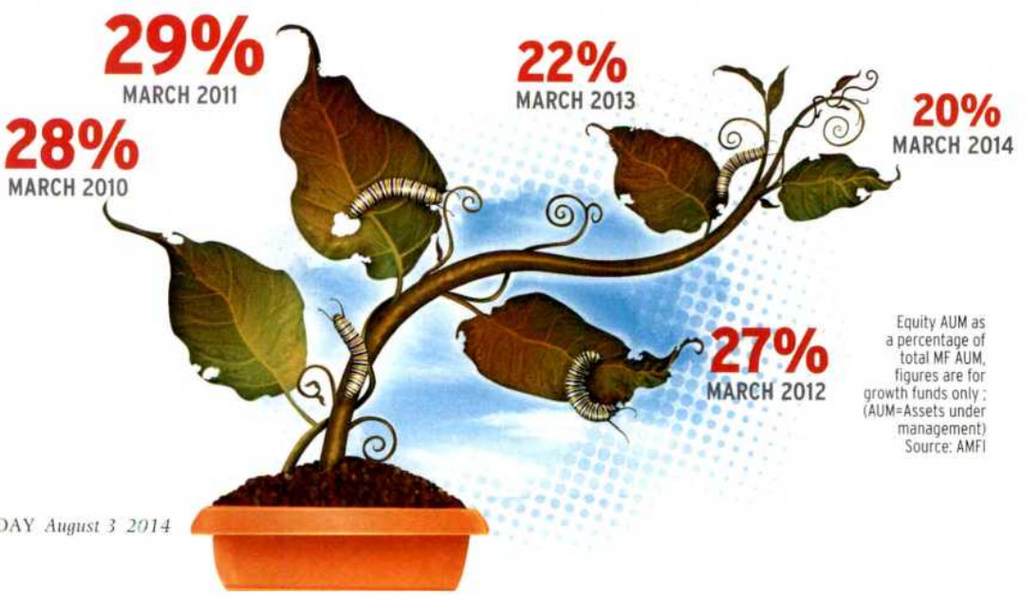
In particular, the limit imposed on broker commissions has hit the market badly. Once brokers and sub-brokers could earn commissions up to 2.5 per cent of the amount garnered from investors in an IPO, but now they get only around 0.10 per cent. "Commission rates crashing has killed the sub-brokers who were playing the developmental role of bring new players into the market," says C.J. George, Chairman, Geojit BNP Paribas Financial Services. "Intermediation should be encouraged through appropriate enabling regulation rather than making it difficult for brokers to operate." Motilal Oswal, Chairman and MD of the financial services firm by the same name, notes that there are restrictions on investors as well. "To invest in equities, a person must have a demat account as well as satisfy Know Your Customer (KYC) norms," he says. "Both create problems. In a country where half the population does not have a bank account, how do you expect every potential investor to have a demat account?"

In a ray of hope, Finance Minister Arun Jaitley, in his Budget speech of July 10, announced the government would introduce uniform KYC norms and inter-usability of KYC records across the entire financial sector. A single demat account for all financial assets has also been proposed.

Investor indifference to the market is only matched by a similar attitude to mutual funds. Both equity assets under management (AUM) and the total number of folios in the

Heavy Blow

'Entry load' was a small commission mutual fund companies charged investors. SEBI banned entry load in August 2009. This has seen a decline of investment in equity funds



Equity AUM as a percentage of total MF AUM, figures are for growth funds only ; (AUM=Assets under management) Source: AMFI

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Killer Tax

The Commodity Transaction Tax (CTT) of 0.01%, reintroduced in Budget 2013/14, has led to a decline of volumes on the commodity exchange

MCX average daily turnover in ₹ crore Source: MCX

mutual fund industry have fallen. In end-March 2008, equity AUMs comprised 31 per cent of the total AUM of the industry – it is now down to 18-20 per cent. Most observers believe that the primary reason for the fall was the Securities and Exchange Board of India's (SEBI) decision to ban 'entry load' – a commission of two to 2.5 per cent charged by mutual fund companies on the amount invested – in August 2009. Deprived of the commission, agents lost interest. "SEBI was way too early in banning entry load," says George. He admits he once favoured doing away with entry load, but the consequences have made him changed his view. "An agent takes time to reach a critical level of AUM to support his activities commercially. Indian agents had not reached that level to continue in the business without the commission," he adds.

Shah agrees. "SEBI has also capped the stock broking commission for mutual funds at 0.12 per cent," he says. "This is too low. Why would any intermediary invest when he is not making enough money?" Today, brokers are only interested when the sums invested are large enough to make the commission sizeable. "The problem with low incentives is it encourages distributors to seek large ticket investments only. They focus on high net worth individuals (HNIs) rather than the mass market," says Shridhar Iyer, CEO, Sundaram BNP Paribas Fund Services. "Currently, only 20 per cent of the money in mutual funds is from retail customers. A massive 49 per cent comes from corporate houses, the remaining from HNIs and banks."

₹14,000cr

Amount raised from the primary market in the last three years

Trading in commodities, too, has dipped after the commodities transaction tax was reintroduced in last year's Budget. The debt market is also in bad shape. Private placements dominate the corporate bond market. Money in circulation is low, with little of it available for trading in secondary markets. Retail interest in the secondary market is minimal. The big investors – the banks, insurance companies and pension funds – mostly invest in government securities, with little left over for the corporate bond market. Banks are not permitted to invest below investment grade securities. Insurance companies and pension funds also have numerous constraints. Stamp duty is high and inconsistent across states. Tax deduction at source in respect of corporate bonds is another limiting factor. The currency derivatives and interest rate derivatives markets are virtually non-starters. "Too many regulations by SEBI, by the Reserve Bank, the insurance regulator and the pension funds regulator, each one with different objectives are making the debt market suffer," says Maheshwari.

Government and regulatory officials acknowledge the existence of a multitude of rules, but insist they are needed to protect the average citizen. "The government does not really mind if retail investors don't come into the market," says a senior official in the finance ministry on condition of anonymity. "But at all costs it does not want any mishap in the market which would require the government to clear up the mess." U.K. Sinha, Chairman, SEBI, echoes his caution. "As a regulator my job is to see that investors have trust in the market," he says. "We have taken reasonable measures to prevent any mishaps." He disagrees strongly that the regulations are themselves retarding the market. "Everywhere in the world, the market has been revived in two ways. The first is through tax support and second is by infusion of pension money. If this support comes from the government, we could see a revival in the capital market."

Yet, for all the regulations, when a scam actually occurs, those affected are still often left high and dry. The most recent example is that of the ₹5,500 crore National Spot Exchange Ltd (NSEL) fiasco, when following a regulatory diktat, the exchange defaulted on its payments to investors because many of its underlying commodities did not exist. It has been almost two years and though some arrests have been made, investors are yet to get their money back. ◆

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Banking on the future

We love entrepreneurs for the way they make working without a net look easy, even in a strong headwind. That's the story of Uday Kotak, who turned down a steady job in a multinational in the 1980s to kick-start his entrepreneurial journey.

For persevering against and triumphing over long odds, Uday, the founder, Executive Vice Chairman and Managing Director of Kotak Mahindra Bank (KMB), has been named the EY World Entrepreneur Of The Year 2014.

Uday Kotak founded what would become KMB in 1985 with capital borrowed from family and friends. By anticipating and then taking strong action to respond to evolving market trends, Uday has successfully guided the firm he founded through three decades of sometimes turbulent economic conditions.

Today, the bank has 605 branches across 354 locations in India and its subsidiaries have international offices in London, New York, Dubai, Abu Dhabi, Mauritius and Singapore. The KMB brand has become synonymous with investments across the financial services spectrum, buoyed by its campaign: "Think Investments – Think Kotak."

"This award is a recognition of the skills and dedication of the 26,000 employees of KMB who have worked so hard to build a world-class Indian financial services brand."

Uday Kotak is the second World Entrepreneur Of The Year from India, following Narayana Murthy, founder and Chairman of Infosys Technologies, who received this honour in 2003.

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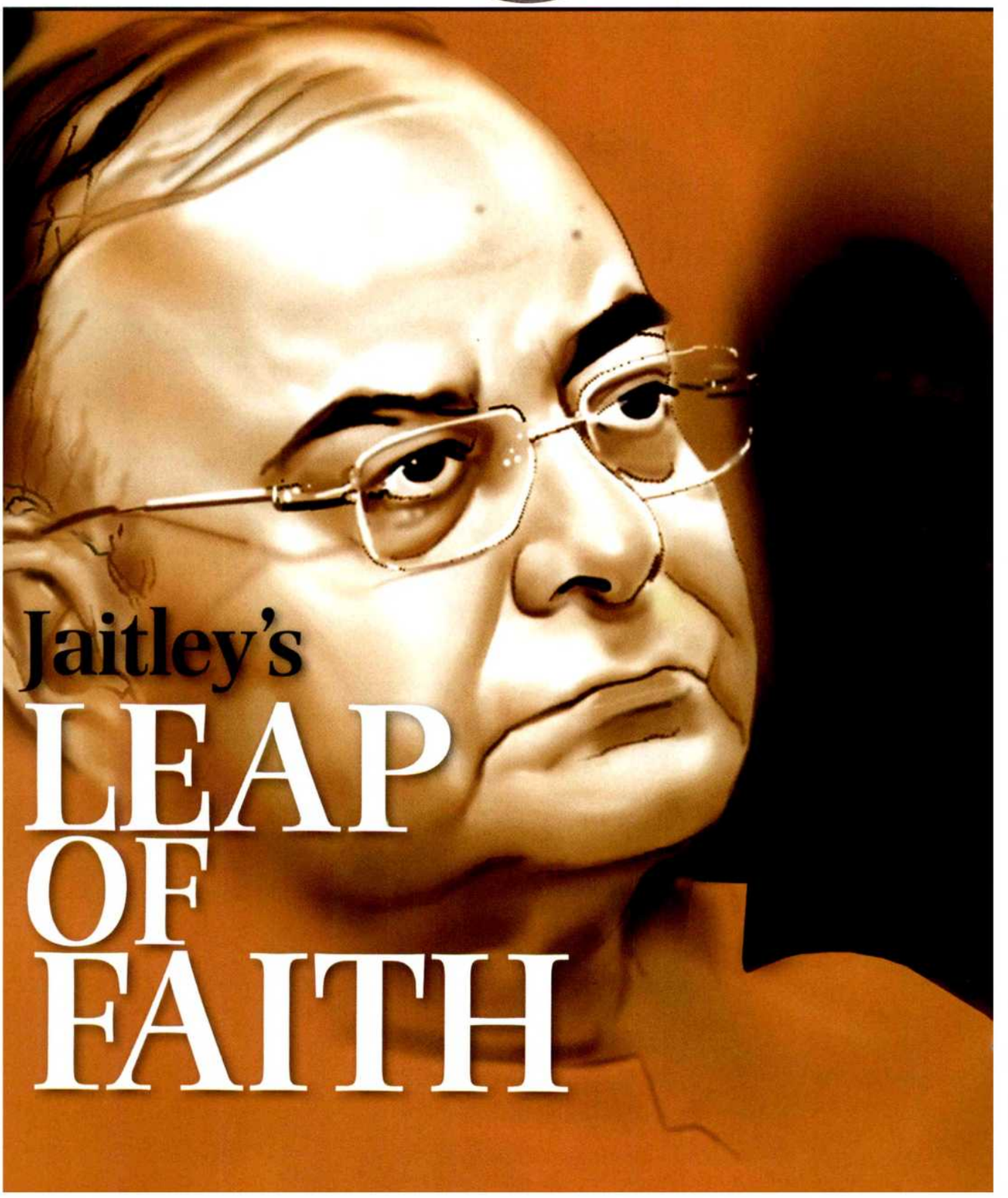


Jaitley's LEAP OF FAITH

Panel Discussion: Page 46
Columns by
***D.K. Srivastava**: Page 52*
***Shardul S. Shroff**: Page 54*
***P.K. Joshi**: Page 56*
***Jyoti Sagar**: Page 58*

The NDA's budget aims at ambitious outcomes without saying how it will achieve them.

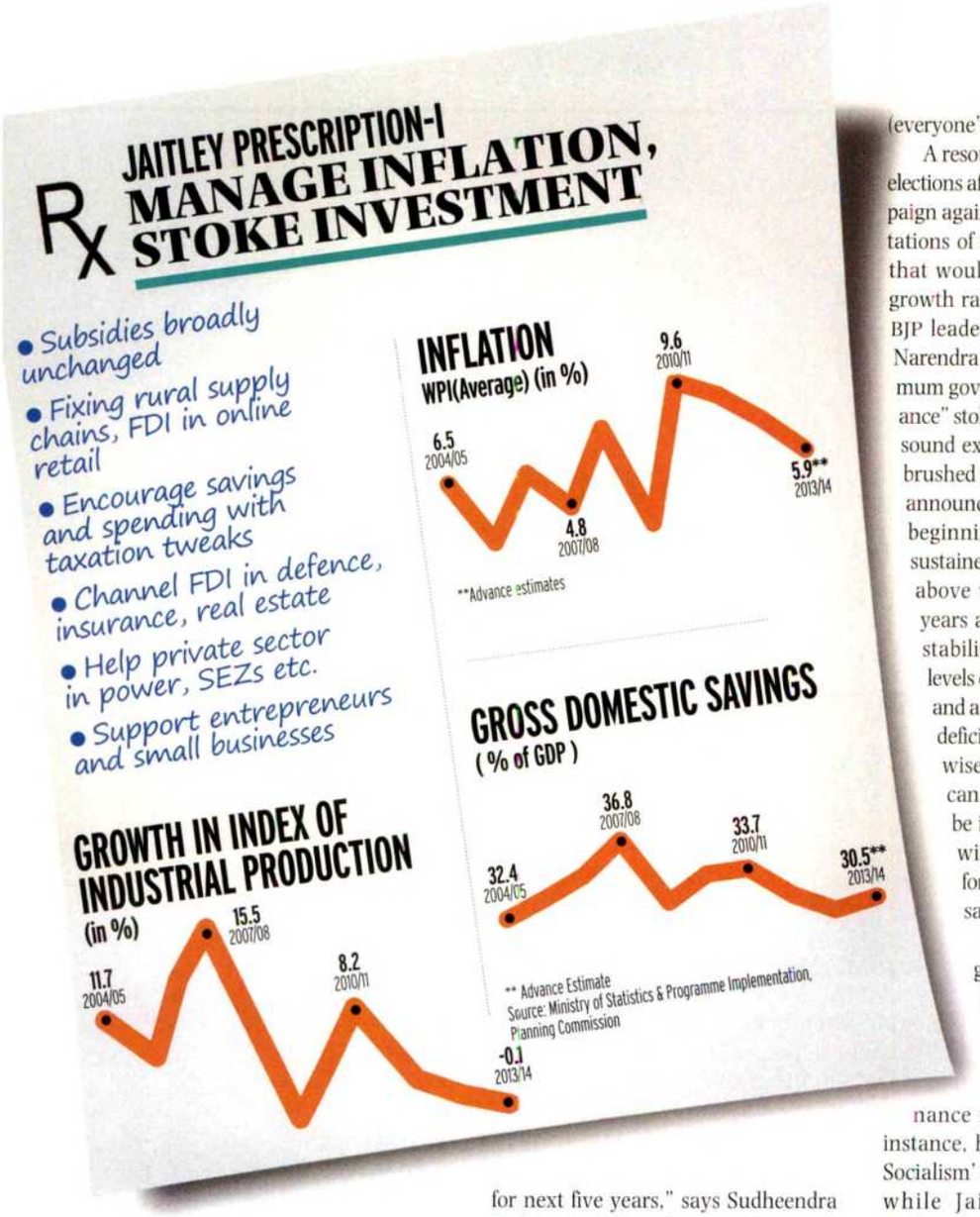
BY SHWETA PUNJ, MANU KAUSHIK and ANILESH S. MAHAJAN

The pace at which Finance Minister Arun Jaitley began his debut Budget speech in the Lok Sabha on July 10, read in a matter-of-fact manner, almost no one expected it to go on for as long as it did. But Jaitley, barring a five-minute break, spoke for over two hours, making it one of the longest speeches in India's financial history. Being the first budget in 10 years by a non-United Progressive Alliance (UPA) government and that, too, coming from a coalition with a crushing majority in the lower house, expectations were high of a massively reformist Budget that would give the somnolent economy the jolt it badly needed.

But, as it turned out, the finance minister presented a budget that was please-all and incremental in nature. The National Democratic Alliance (NDA)'s Budget for the remaining 264 days of 2014/15 was with little difference from the direction that the UPA government had set the economy on. The closest the Budget came to big bang announcements was in permitting foreign direct investment (FDI) in defence manufacturing, enhanced foreign ownership limits in insurance and real estate, and a fund to support entrepreneurs. The rest of Jaitley's speech was littered with many schemes with tiny allocations – there were as many as 29 schemes announced with ₹100 crore support budgeted for each for them.

"Things that were expected from the finance minister were a certain vision and a roadmap for India's economic growth, and social development

HADIMANI



₹1,15,000 CRORE
ALLOCATION FOR THE FOOD SECURITY BILL

for next five years," says Sudheendra Kulkarni of the Observer Research Foundation, Mumbai, and an ex-Bharatiya Janata Party (BJP) member. "...how he's going to get [the economy to grow at seven-eight per cent] has not been spelt out. We did not expect him in 45 days to work out all the details but this government was a government in waiting. They ought to have really worked out their vision for transforming India into a high growth with *sabka vikas* (everyone's development)."

A resounding verdict at the general elections after a stridently negative campaign against the UPA had led to expectations of a quick turnaround budget that would help an economy whose growth rate had halved in four years. BJP leader and now Prime Minister Narendra Modi's election cry of "minimum government, maximum governance" stoked those hopes. Jaitley had a sound explanation but it was mostly brushed aside. "The steps that I will announce in this Budget are only the beginning of a journey towards a sustained growth of 7-8 per cent or above within the next three-four years along with macro-economic stabilisation that includes lower levels of inflation, lesser fiscal deficit and a manageable current account deficit. Therefore, it would not be wise to expect everything that can be done or must be done to be in the first Budget presented within forty-five days of the formation of this government," said the minister in his speech.

The first budgets of new governments are often keenly watched, as they offer a fair reflection of the economic thinking of the government. Erstwhile finance minister Y.B. Chavan, for instance, highlighted a 'Mandate for Socialism' in his budget of 1971/72, while Jaitley's NDA colleague, Yashwant Sinha chose his budget of 2000/01 to announce path-breaking reforms such as a Department for Disinvestment and a drastic duty reduction on cellphones to five per cent which started off India's mobile telephony revolution. (See *Over the Years*, page 44, for a summary of some budgets presented in the first year of new governments.)

For some, the fact that there were no

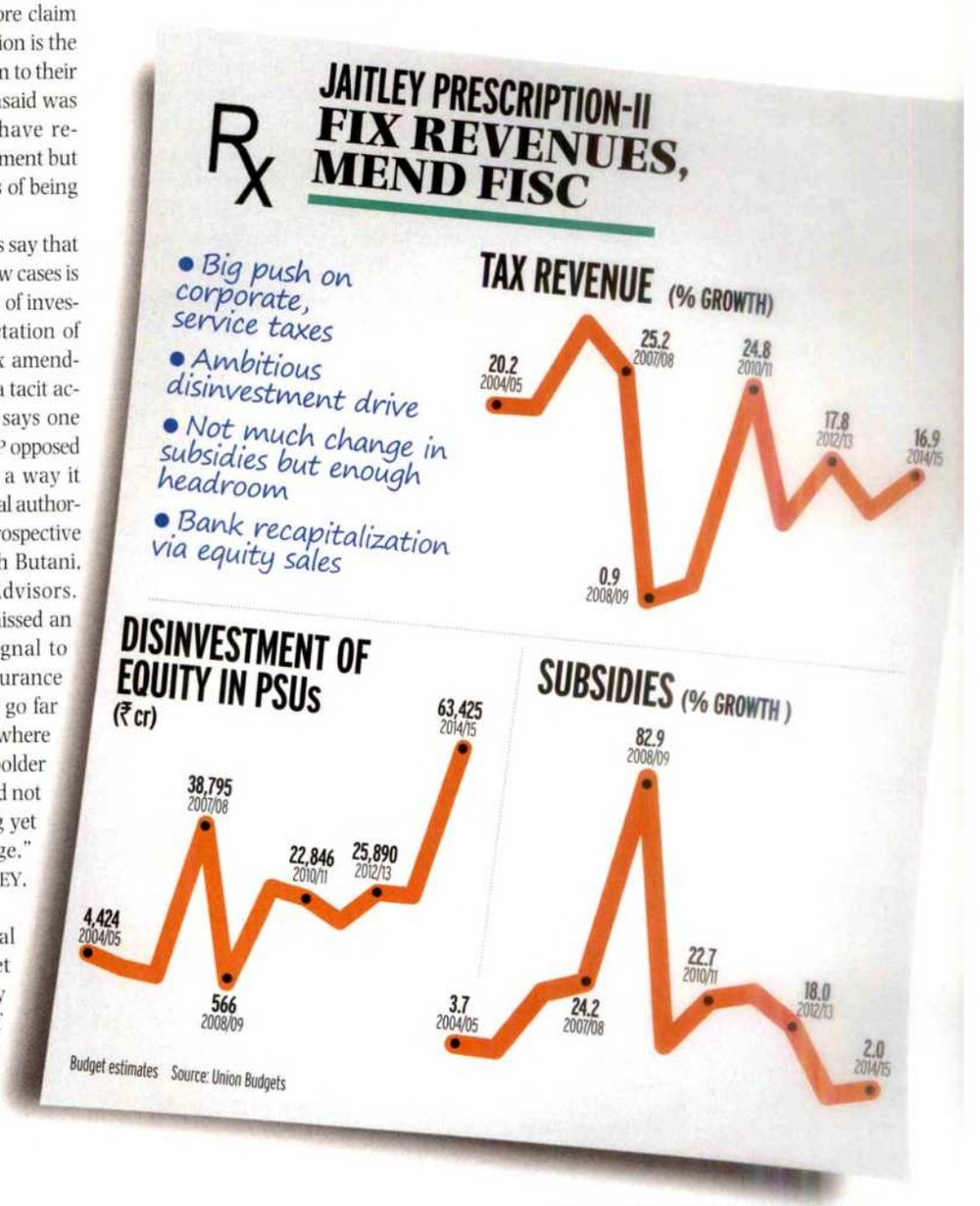
dirty surprises in the Budget was itself a positive. Jaitley stopped short of changing the retrospective taxation amendment made in the 2012/13 Budget by then-finance minister Pranab Mukherjee, but made reassuring noises. All fresh cases of retrospective taxation will be scrutinised by a high-level committee before initiating any action, but existing cases – a ₹20,000 crore claim on Vodafone that is in arbitration is the most notable one – would go on to their logical conclusion, he said. Unsaid was how easily the NDA could have rescinded the Mukherjee amendment but did not want to do so for fears of being called anti-national.

Tax planners and advisors say that while Jaitley's assurance on new cases is soothing for the frayed nerves of investors, there was a clear expectation of repeal of the retrospective tax amendment. Silence on that front is a tacit acceptance of the amendment, says one tax expert. "It's not that the BJP opposed retrospective taxation, so in a way it takes away from them the moral authority they have to repeal the retrospective law," says tax expert Mukesh Butani, Managing Partner, BMR Advisors. Another expert says Jaitley missed an opportunity in sending a signal to overseas investors. "The assurance that he has provided doesn't go far enough. And this is one area where he could have been a little bolder than he was but at least he did not do the damage of introducing yet another retrospective change," adds Satya Poddar, Partner at EY, formerly Ernst & Young.

To be sure, while several proposals in Jaitley's Budget were in the right direction they were either a continuation of the UPA's policies or not big enough to move the needle much. Here's a quick snapshot of the proposals:

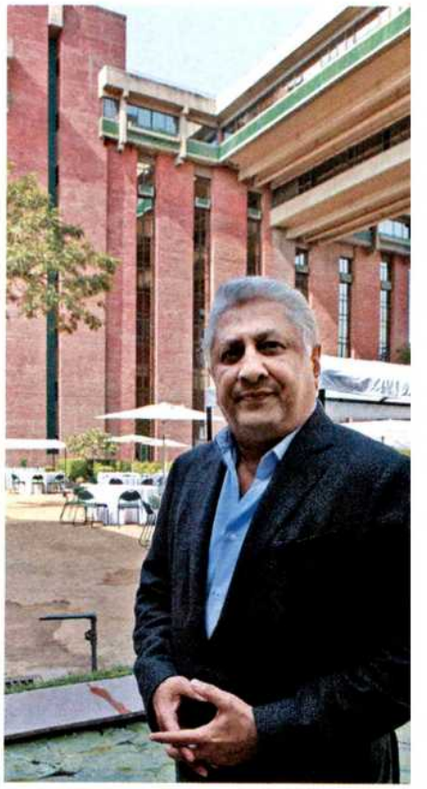
- A tepid expenditure increase of 12.9 per cent from the last fiscal year as against his predecessor
- No new big schemes: Jaitley kept unchanged the UPA's ₹1,15,000 crore food subsidy allocation designed to support the roll-out of the Food Security Act
- A push to infrastructure with new funding structures

₹63,000 CRORE
THE DISINVESTMENT TARGET FOR THIS YEAR



"Infrastructure sector is almost dead for the last three-four years. *They (Modi-led government) have revived* it by announcing a large spending on infrastructure"

AJIT GULABCHAND Chairman, Hindustan Construction Company



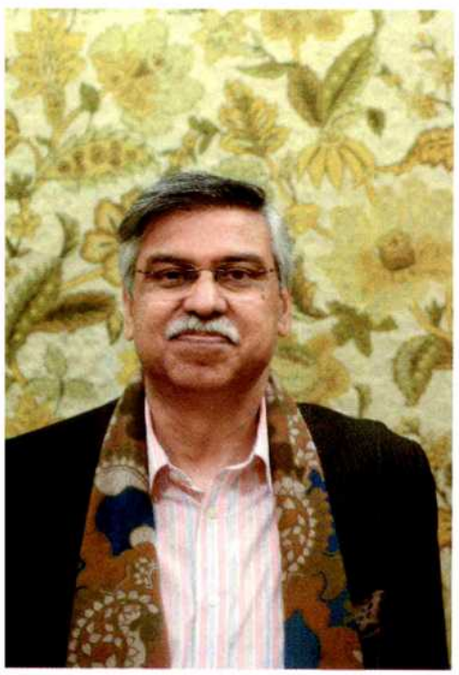
ADITYA KAPOOR

- Boost to consumption growth through income tax breaks under Section 80C and increased subvention on home loan interest payments
- Opening up of defence and insurance to FDI and easing up FDI equity norms in real estate
- An impetus to entrepreneurship and small and medium enterprises with the setting up of a ₹10,000 crore venture capital fund
- All power projects that are operational by March 31, 2017 to get a 10-year tax holiday
- Resolve to take comprehensive steps for enhancing coal production
- An allocation of ₹7,600 crore for power distribution companies and renewable energy players, and providing a push to smart grids and green energy

For some businessmen, Jaitley's Budget was directional in nature and made for a start. "The infrastructure sector has been almost dead for the last three to four years. They (Modi-led government) have revived it by announcing a large spending on infrastructure, by themselves and by opening up financing avenues," says Ajit Gulabchand, who fought a losing battle against the UPA as he saw work on his dream project of a new-age city, Lavasa, come to a standstill following issues with the environment ministry.

Indeed, power producers, construction businesses, and gas pipeline operators all benefit. "The Budget was very comprehensive. It touched all sectors – social and economic. "It was revisiting the NDA's election manifesto. They just wanted to confirm that they haven't forgotten any sector whether it was skill building, education, building infrastructure, setting up smart cities," says Ravi Uppal, Managing Director and CEO, Jindal Steel & Power, which stands to gain from the 10-year tax holiday for power companies.

Big industry, often criticised as being notoriously politically correct, almost unanimously termed the Budget as pragmatic. The best, it said, that could have been done in 45 days had been done. But on further prodding, a lack of detail in the Budget or sector-specific measures emerged as pain points. "He announced six mega parks for textiles. I wish there was more detail such as the location of the parks and the concept



M ZHAZO

"As far as missing areas are concerned, *a specific date for GST implementation* would have been very welcome"

SUNIL KANT MUNJAL Joint Managing Director, Hero MotoCorp

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THE IMPONDERABLES

behind the parks was mentioned," says Naishadh Parikh, CMD of Ahmedabad's Equinox Solutions.

Ambitious Fisc

On the fiscal front, a fiscal deficit target of 4.1 per cent is being looked on with as much as scepticism as Jaitley's predecessor Chidamabarm's fiscal math was panned in the interim budget. The NDA Budget assumes a nominal GDP growth of 13.4 per cent, up from 12.3 per cent in the last two years. Growth in gross tax revenues has been budgeted at 17.7 per cent – direct taxes at 15.7 per cent and indirect taxes at 20.2 per cent – implying a tax buoyancy (percentage increase in tax revenue for every one per cent increase in GDP) of 1.3, according to a post-budget analysis by ratings firm Crisil. This is higher than the last 10-year average of 1.0 and too optimistic considering a projected GDP growth rate in a band of 5.4 to 5.9 per cent. Also, there is a lofty projection of a jump in corporation tax to 14.6 per cent from an average 9.6 per cent in the last three years. (See D.K. Srivastava's column on page 52.)

Jaitley has relied heavily on disinvestment to meet revenue goals. The disinvestment target at ₹63,000 crore is close to the total amount raised in the last three years. It could be a challenge for the government to meet its disinvestment targets in the remaining nine months of the year. Not only is it hugely dependent on stock market buoyancy, but also the government will have to get started on disinvestment almost right away.

What could trip Jaitley

MONSOON

Agriculture has a small impact on GDP but over half of Indians work on farms

DISINVESTMENT

A ₹63,000 crore target is ambitious with just eight months left in 2014/15

CRUDE

If prices rise further, India will have a subsidy or inflation problem

SEVENTH PAY COMMISSION

Jaitley will have to make room for Seventh Pay Commission recommendations

BAD LOANS

Unless the economy turns, several companies will have weak cash flows stressing banks (some 25% of their assets are bad or nearly there)

A major reform that could have nearly pulled up the GDP by one percentage point, the Goods and Services Tax (GST), was left stated as an intent with a hope to find a solution by the end of the year. "As far as missing areas are concerned, a specific date for GST implementation would have been very welcome. He did talk about the implementation but did not announce any timeline. There is, of course, more to be done when he presents his next full-year budget in February," says Sunil Kant Munjal, Joint Managing Director, Hero MotoCorp, India's largest two-wheeler maker.

But presenting a broad-brush budget was Jaitley's agenda in his debut Budget. He reiterated in several post-Budget interviews that his journey as finance minister has just begun.

One of the economic ministers in Modi's government told *Business Today* that the Budget sets the tone for policies for the next three years. "To be honest, you cannot expect the growth rate to come back to a robust nine per cent before the next five years. If the FM is setting the target to reduce the fiscal deficit to three per cent, the clear indication is that the government is looking at cutting down or 'rationalising' subsidies," the minister said. "The Budget is not overpromising things. It is not leading to a situation of less delivery. All these small efforts are taking the economy in a different direction," he added.

Ratings firm India Rating & Research predicts that the government will overshoot its non-plan expenditure budget. In the first two months of this fiscal year, April and May, the UPA government released several payments, which were rolled over from the last financial

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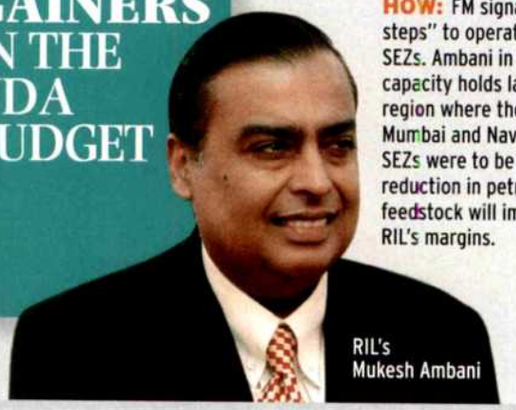
GAINERS IN THE NDA BUDGET

MUKESH AMBANI

HOW: FM signals "effective steps" to operationalise SEZs. Ambani in his personal capacity holds land in the region where the Maha Mumbai and Navi Mumbai SEZs were to be built. Plus, reduction in petrochem feedstock will improve RIL's margins.



RIL's Mukesh Ambani

HDFC, ICICI, BAJAJ, RIL

HOW: The Budget increased foreign ownership in the insurance sector to 49% from 26%. This will allow companies such as HDFC and others to offload equity in their ventures at a profit

HDFC's Deepak Parekh

year. The agency in its report released after the Budget analysed that the non-plan expenditure – which includes subsidies, interests and other such payments — grew by 48.1 per cent in the first two months of the fiscal year. "So, to achieve the budgeted non-plan expenditure growth target, non-plan expenditure during the rest of 2014/15 has to grow 3.4 per cent. We believe the space available on plan expenditure is too little," the agency said in the report.

"It was revisiting the NDA's election manifesto. *They just wanted to confirm* that they haven't forgotten any sector"

RAVI UPPAL MD and CEO, Jindal Steel & Power

VIVAM MEHRA

Within the government there is a realisation that the Iraq oil crisis could lead to a spike in India's oil import bill of $167.6 billion in 2013/14. Currently, with US intervention and assurances from Saudi Arabia oil prices are at a manageable level of roughly $110 a barrel (which is almost equal to last year's average). However, any jump in these prices can disrupt Jaitley's calculations, as this will not only widen the current account deficit but also impact the subsidies, especially on liquefied petroleum gas (LPG), kerosene and fertilisers. Every dollar rise per barrel of crude oil, according to rough estimates, leads to an under-recovery of ₹4,400 crore at oil firms. The rupee has been holding up against the US dollar but a change there could impact the fisc as well – a rupee depreciation against the dollar may lead to under recoveries of nearly ₹8,000 crore.

While there was no definitive move on subsidies, except linking of MGNREGA to productive asset creation and focus on direct targeting of subsidies, a point often stated by the preceding government, the government did not reverse the oil decontrol policy started by the UPA. Officials in petroleum ministry told *Business Today* that by end of this year diesel prices could be market driven, and along with this, the petroleum ministry is also working to correct the prices of subsidised LPG.

The economic minister quoted ear-

Gautam Adani (L) and JSPL's Naveen Jindal

ADANI, JSPL, SUZLON

HOW: The extension of the 10-year-tax holiday in power and the reduction in customs duty on raw materials and parts used in wind-operated generators augurs well for these businesses

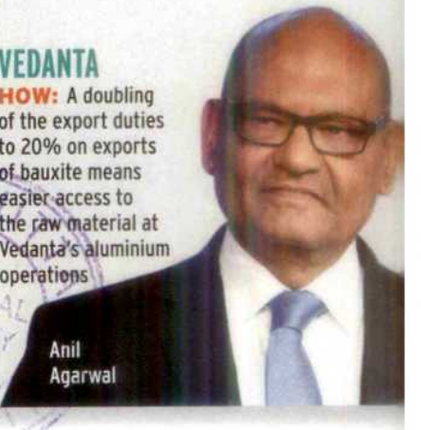
B. K. Goenka

WELSPUN

HOW: An additional 15,000 km gas pipeline is welcome news for Welspun, a major player in the sector

VEDANTA

HOW: A doubling of the export duties to 20% on exports of bauxite means easier access to the raw material at Vedanta's aluminium operations



Anil Agarwal

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lier added: "The agenda for the government post budget is clear: fix the Land Acquisition Act, initiate labour reforms and bring in expenditure guidelines."

The real challenge for the Modi government begins now. Jaitley will present his next Budget in about seven months, and perhaps, by then, the appetite for incremental steps taken in this Budget would be gone – also the effects of small steps taken in this Budget would be visible. The stage would be set for something big, something bold, a game-changer, not a "name-changer Budget," as Rajeev Gowda, Congress spokesman and Rajya Sabha MP put it, referring to a slew of schemes that were given names of BJP and other right-wing leaders. ◆

@shwetaPunj; @manukaushik; @anileshmahajan

OVER THE YEARS

The first budgets of new governments are often closely scrutinised to get a sense of their priorities. Indeed, in the history of independent India, the first budget has often set the tone for important policy initiatives. We take a look at some first budgets of new governments.

1947

Covered the period from August 15, 1947 to March 31, 1948
FINANCE MINISTER: **R.K. Shanmukham Chetty**

Presented in November 1947, it was the first budget of independent India. Chetty coined the term interim budget in his budget speech. The Budget was a review of the economy and did not propose any new tax. "For the present both the Dominions (India and Pakistan) will continue the existing taxes and duties, there will be a free movement of trade between them..." said Chetty.

1980

The first budget of the Indira Gandhi government after returning to power
FM: **R. Venkataraman**

"The most important and disconcerting fact about the Indian economy is that the gross national product declined in 1979/80 by about three per cent." said Venkataraman

MAJOR INITIATIVE

■ National Rural Employment Programme was launched to revitalise the rural economy.

1998

The first Budget of the BJP-led government
FM: **Yashwant Sinha**

■ State-run banks' mounting Non-Performing Assets (NPAs) raised concern. The Budget proposed setting up asset reconstruction companies and more debt recovery tribunals.

■ The plan outlay for key infrastructure sectors of energy, transport and communications was substantially increased.

1977

The first budget of the Janata Party government
FM: **H.M.Patel**

"Our party's social and economic programme lays heavy emphasis on rural development ... (and) eradication of unemployment" said Patel.

MAJOR INITIATIVE

■ Focus on austerity by mobilising public opinion against a lifestyle inconsistent with the economic realities of India.

1990

The first, and only Budget of the V.P. Singh-led National Front government.
FM: **Madhu Dandavate**

"We will come down with a heavy hand on those who give vent to their pomp and money power, by circumventing our laws and frittering away the scarce resources of the nation," said Dandavate.

MAJOR INITIATIVE

■ A Cabinet Committee on Prices was formed and steps taken to improve the supply of essential commodities.

2004

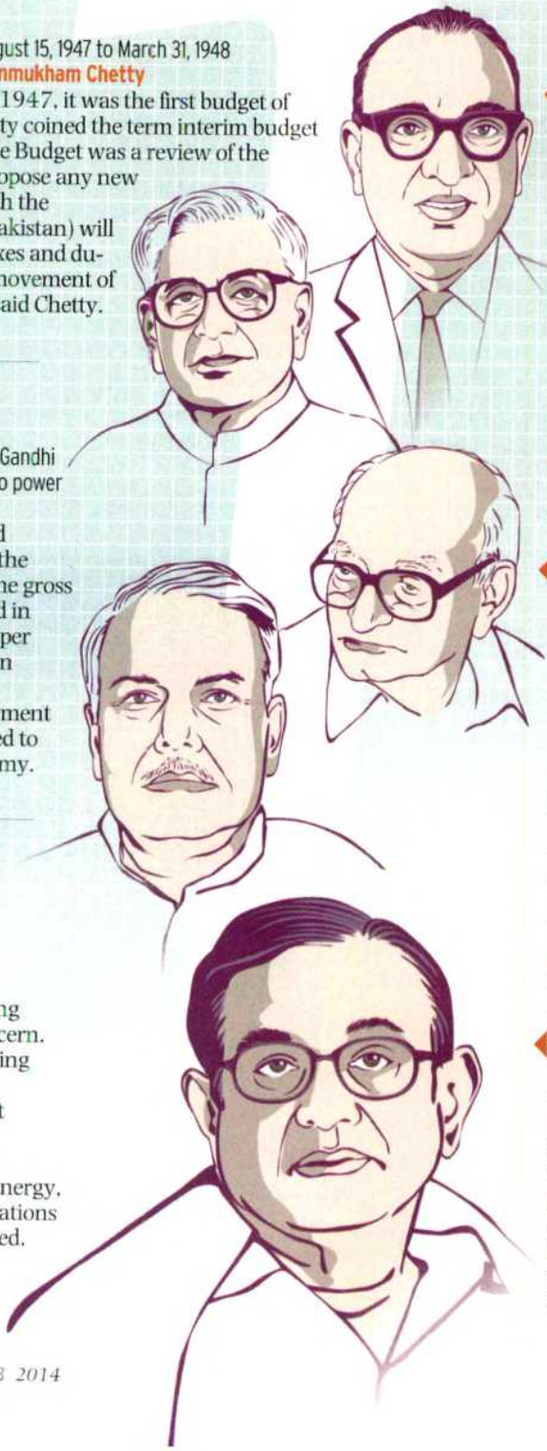
The first budget of the Congress-led United Progressive Alliance
FM: **P. Chidambaram**

"The economic fundamentals appear strong and the balance of payments is robust," said Chidambaram in his Budget speech.

MAJOR INITIATIVE

■ The budget announced a slew of welfare schemes

■ FDI hiked in telecom from 49 to 74 per cent and in civil aviation from 40 to 49 per cent.



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Mixed signals: Sudheendra Kulkarni, Chairman, ORF, Mumbai; Satya Poddar, Partner, EY; Rajiv Kumar, Senior Fellow, Centre for Policy Research; K. Raghu, President, ICAI; Rajeev Gowda, MP, Rajya Sabha

PANEL DISCUSSION

Step by Step

Finance Minister Arun Jaitley has a mammoth task of fixing the economy but he is moving in the right direction, say panellists at Business Today's post-budget panel discussion.

The historic victory of the Narendra Modi-led National Democratic Alliance (NDA) in May had fuelled the hopes of the common man, corporate leaders, investors and policy wonks alike. Finance Minister (FM) Arun Jaitley's budget covered a lot of ground but there was no major announcement.

Business Today tried to decode the budget with a panel of experts comprising Ajit Ranade, Chief Economist, Aditya Birla Group; Satya Poddar, Partner, EY; Rajeev Gowda, MP, Rajya Sabha; Rajiv Kumar, Senior Fellow, Centre for Policy Research; K. Raghu, President, Institute of Chartered Accountants of India (ICAI); Sudheendra Kulkarni, Chairman, Observer Research Foundation (ORF), Mumbai. Excerpts from the panel discussion, moderated by Shweta Punj:

On budget's key features

Ajit Ranade: The budget was expected to signal three things: an anti-inflationary stand, steps towards fiscal consolidation and growth impetus. I think it has delivered on all three counts. So this budget is hopefully the first step in a longer journey. The fact that no new taxes have been announced is an anti-inflationary measure and a big relief for taxpayers. The FM chose to keep the target fiscal deficit at 4.1 per cent, which incidentally is also a non-inflationary stand towards fiscal policy.

On the growth impetus, the variety of measures, especially on infrastructure, are pro-growth. It was surprising that he actually chose to stick to the 4.1 per cent fiscal deficit target. When this same number was presented in February as part of the interim budget by the UPA government, the Opposition then had termed it unreasonably rosy and unrealistic.

Satya Poddar: I did not expect any bold reforms from the government, which is just 45 days old in office. I had wished that the government simply stays away from any controversial structural reforms. It seems the government, rather than promising big things, wants to focus on execution, proper design and delivery.

Sudheendra Kulkarni: What was expected of the FM was a certain vision – a roadmap for India's eco-

RACHIT GOSWAMI

It has addressed inflation, *fiscal consolidation and growth*. The budget is the first step in a longer journey

AJIT RANADE Chief Economist, Aditya Birla Group

nomic growth and social development for the next five years. He said that economic growth would be revived to 7 per cent to 8 per cent over the next three to four years. But how he is going to attain it has not been spelt out. We, of course, did not expect him to work out all the details in 45 days. But this government was a government in waiting. They ought to have worked out their vision to transform India, spur growth with *sabka vikas* (development for all).

K. Raghu: This is a progressive budget. They have set the right agenda for the next five years. Global corporates are looking to invest in India. They wanted some assurance that we will have a stable tax regime because concepts like 'tax terrorism' were never heard of in Indian history. The government has assured that retrospective amendments should not be made in tax laws.

Rajeev Gowda: The BJP came to power riding on the politics of hope. What they have delivered in their few days in office is the politics of deception. They have ignored the fact that the last decade has witnessed the highest growth that India has ever seen. They have tried to come up with a new name for an existing programme. This is essentially a budget with not much imagination. If at all there is, then it is in the form of ₹100 crore here and ₹100 crore there, which is like neither here nor there.

They have tried to come up with a new name for an existing programme. This is essentially a budget with not much imagination

RAJEEV GOWDA MP, Rajya Sabha

There were a lot of things which we were prevented from doing in the last decade. For example, FDI in retail. When we tried to push it we were forced to compromise and leave it to the states. There were attempts to cripple every law we tried to pass.

On Fiscal Deficit

Ajit Ranade: This was the chance for the FM to put a more realistic fiscal deficit target. But he chose to stick to 4.1 per cent. The theme of this number revolves around non-tax revenues. The target is ₹63,000 crore or ₹64,000 crore, the highest ever. The target achieved in the last 10 years has been only ₹38,000 crore.

K. Raghu: The government has only two income sources. One is revenue from tax. Today the focus of the government is on raising money through taxes. Service tax revenue has gone up compared to the earlier years. The second option is disinvestment and FDI. The government tries to balance between the two options.

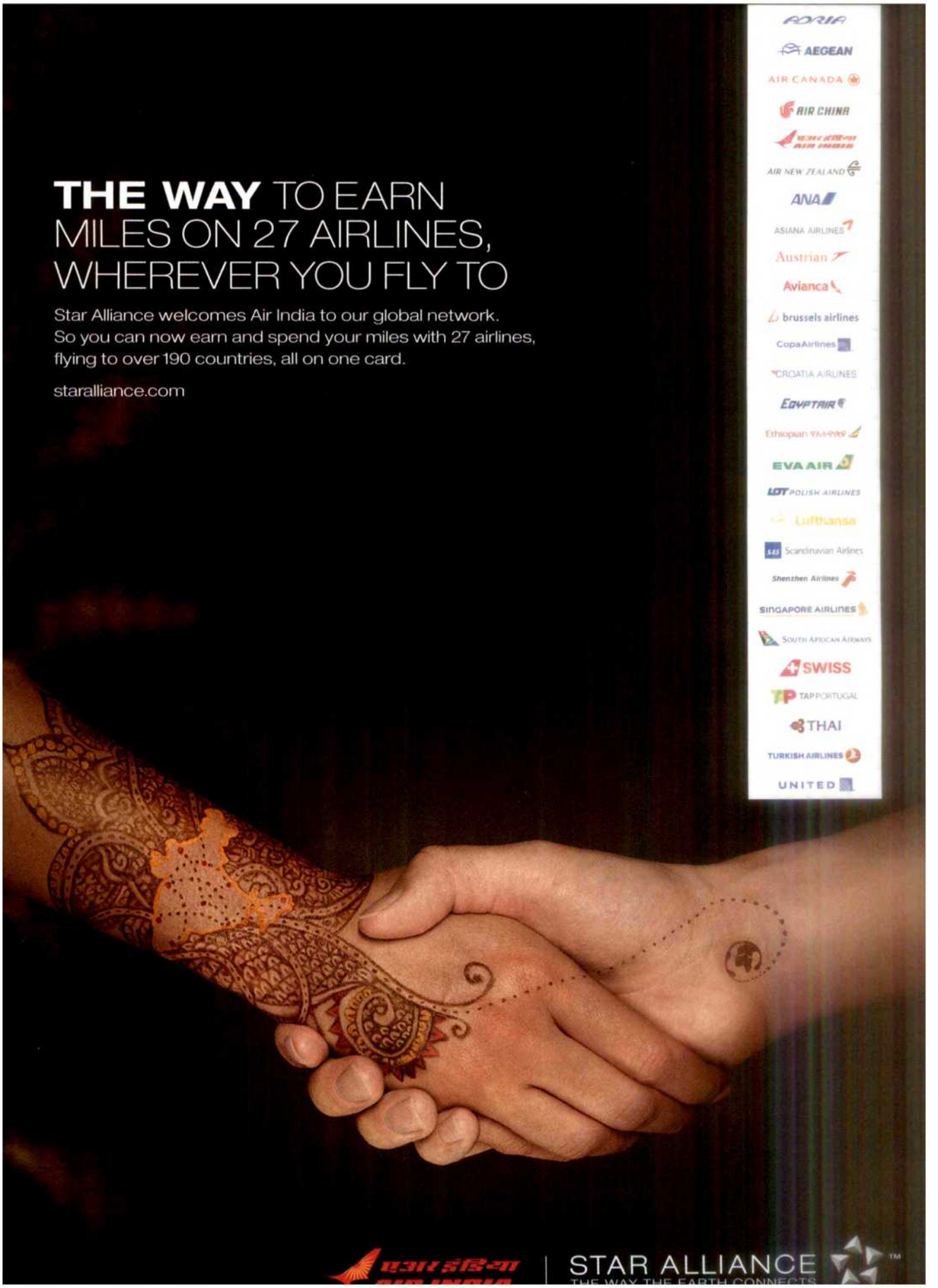
I think there is a lot of domestic savings in India and this not being tapped. Speak to any investor and he/she would be reluctant to put his money in any company. Earlier investing in shares of a limited company was popular. We need to bring back that equity culture. Government has taken a step forward by introducing Kisan Vikas Patra and National Savings Certificate.

They have also come up with an instrument for higher education of the girl child and increased the Public Provident Fund limits.

Rajiv Kumar: I wish he had not adopted that fiscal deficit target. But now that he has a target, he has taken it as a challenge. But there are a couple of things. One is the tax revenue locked-up in litigation. The FM has to monetise hoards of gold. It can be used as a Cash Reserve Ratio sub-

The FM said economic growth would be *revived to 7-8 per cent*. But how he is going to attain it has not been spelt out

SUDHEENDRA KULKARNI Chairman, ORF, Mumbai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THAI
TURKISH AIRLINES
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AIR INDIA
STAR ALLIANCE
THE WAY THE EARTH CONNECTS

The government, *rather than promising big things, wants to focus on execution* and delivery

SATYA PODDAR Partner, EY

This is a very progressive budget. *They have set the right agenda* for the next five years

K. RAGHU President, ICAI

The budget imbibes *Modi's idea of pragmatic progress*. There is nothing you can object to

RAJIV KUMAR Sr Fellow, CPR

stitute and they can offer imaginative products like Turkey and South Africa has done. This will bring non-financial savings into financial savings and improve the fiscal position.

On Modi's Influence

Rajiv Kumar: I don't think anything in this government will happen without a Modi stamp. He is that kind of a leader. This one does have a Modi stamp. All that he has mentioned in his speeches does find a mention in the budget be it bullet trains, smart cities, sagar mala or the linking of the rivers. More importantly, the budget also imbibes the Modi idea of pragmatic progress. This is what he has done in Gujarat.

There is nothing you can really object in the budget. All you can say is it is not ambitious enough. But that is always subjective. In an objective term, like I had objected to Chidambaram's budget of 2008 when he let the public expenditure splurge by 3.8 per cent of GDP in one go, there is nothing like that in this budget. Given the circumstances, let us give them the benefit of doubt.

Rajeev Gowda: There is a clear Modi imprint on this budget. Rs 200 crore for a Sardar Patel statue, all for symbolic value a case of totally misguided priorities. It is not a question of are we being charitable here. It is about how uncharitable we have been to the previous government. Look at 2008, you had a recession. We are connected to global markets. We put in place the measures that made things come up again. The economic survey says that we are doing much better. The current account deficit is under control and the economy is in good shape.

On Subsidies

Satya Poddar: I suspect that a lot more is going to be done on the subsidy front. But the FM did not want to create a street demonstration by announcing in advance.

Sudheendra Kulkarni: The FM has talked about constituting an Expenditure Management Commission. It is a good thing. But well-targeted subsidies are not a new idea. Several Congress finance ministers have also said this. There is an urgent need for the Congress and the BJP to come together and have a dialogue on the burden of subsidies.

Rajiv Kumar: Please note that he (Jaitley) has not touched the diesel and petrol price hike. So, there will be a reduction in petrol subsidy in-built into this budget... You will see a restructuring of Food Corporation of India very soon to improve efficiency.

Rajeev Gowda: I can only hope that there is a good monsoon, the crisis in Iraq does not worsen oil prices and there is enough space for the government to manage the economy in a manner that we all want. ◆

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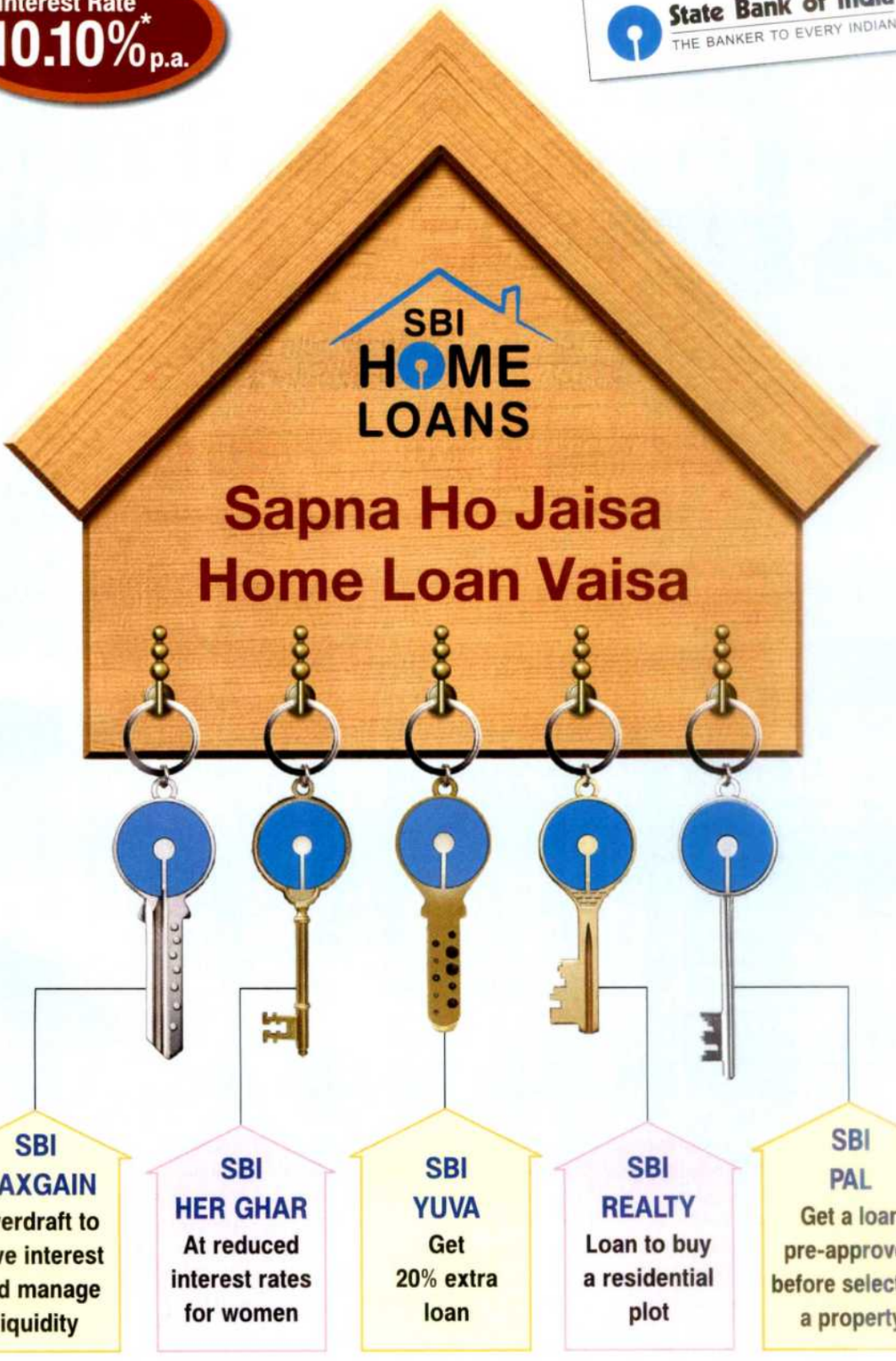

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COLUMN BY D.K. SRIVASTAVA

Pursuit of Fiscal Deficit Target Will Hit Growth

The arithmetic of the budget is straightforward. Total expenditure remains stagnant at 14 per cent of GDP, which is marginally less than the revised estimates (RE) for 2013/14, with paltry adjustments in the relative shares of revenue and capital components. The Centre's revenue receipts are budgeted at 9.2 per cent of GDP and consists of 7.6 per cent tax revenues and 1.7 per cent of GDP as non-tax revenues.

Compared to 2013/14, there is an increase of 0.2 percentage points of GDP in the revenue receipts and almost all of it comes from tax revenues. The gap of 4.8 percentage points is being filled up by fiscal deficit of 4.1 per cent of GDP and 0.7 percentage points of GDP of non-debt capital receipts consisting of loan recoveries and anticipated disinvestment proceeds, listed as 'other capital receipts'. The budgeted disinvestment amount is ₹63,425 crore against 2013/14 RE figure of ₹25,841 crore. This is the only additional fiscal space that the finance minister has been able to create.

There are clear possibilities of slippage on the revenue targets. The assumed tax buoyancy for overall tax revenues is 1.32 against a realized tax buoyancy of less than 1 in 2013/14. For corporation tax, the assumed buoyancy is 1.1 against realised buoyancy for the previous year of only 0.85. The assumed buoyancy for customs and excise duty is 1.1 and 1.15 but the realised buoyancy is less than 0.5 and 0.15, respectively. Only for personal income tax the assumed buoyancy compares well. But this is also the area where some tangible concessions have been given.

In other words, chances are next to nil that the revenue targets can be met. Further, the central government has rarely succeeded in meeting disinvestment targets and some slippage is quite likely. With total expenditure remaining stagnant, there is a complete absence of fiscal stimulus for growth. Even the nominal growth assumption of 13.4 per cent appear unrealistic. There may be further reduction in expenditure in a rigid pursuit of the fiscal deficit target. This is a mix of factors that point to a third successive year of low growth. A poor monsoon will add to this misery.

Unless growth is stimulated, tax buoyancy will not improve

The economy is caught in a vicious cycle of low growth, low tax-GDP ratio, and low expenditure-to-GDP ratio. Unless growth is stimulated, tax buoyancy will not improve. Unless the tax-GDP ratio increases, the fiscal gap will remain above target, limiting the scope for increasing spending relative to GDP and, therefore, dampening growth prospects. Bolder steps are required to break through this vicious cycle.

The economy needs to be stimulated. The ideal way for this is to increase capital expenditure, which creates both capacity and demand and leaves assets for the future generations even if it were to be financed through additional borrowings. There needs to be a more aggressive pruning of subsidies and revenue expenditure.

Outside of the budget, the finance minister is looking for support for expenditure augmentation through central public sector enterprises, more FDI and more investment through the PPP route. These initiatives are welcome but will take time. One hopes that the government will feel the urgency to accelerate growth to come out with a fuller basket of policy initiatives in the 2015/16 budget to boost growth and emerge out of the shadows of the past economic policies. ◆

The writer is Chief Policy Advisor, EY India. Views are personal.

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COLUMN BY SHARDUL S. SHROFF

Opportunity Lost

In its pre election campaign, the BJP had said it would provide a stable and rational taxation policy and would discourage tax terrorism. There was high expectation that the tax amendments pertaining to retrospectivity made in 2012 would be revoked. As a confirmation of the BJP's stand, Finance Minister Arun Jaitley has given the following assurance in his Budget speech:

"This government will not ordinarily bring about any change retrospectively, which creates a fresh liability."

A high level committee is proposed to be constituted by the Central Board of Direct Taxes to deal with any fresh disputes arising from the retrospective amendment of 2012 before any action is initiated in any case. I suspect that the apprehensions of the government about its existing deep fiscal deficit and the decline of GDP growth over the last two to three years have cast their shadow on the abolishing of the retrospective tax with retrospective effect.

The fiscal imbalance has arisen from the rights based logic of the previous government and its spending on the social sector over the last decade, which has not been met by augmented tax or non-tax revenues or by borrowings or printing of currency. The drop in the GDP growth rate from a high of 8.91 per cent in 2010/11, to 4.47 per cent in 2012/13, is a significant decline. For the previous government to have improved its image and portrayed itself as investment friendly, it needed to bury the fallout of the Vodafone taxation case after having lost its case in the Supreme Court. By introducing the General Anti Avoidance Rules thereafter, it adversely impacted sentiments of overseas investors and Indian businessmen alike. They had to be assuaged by deferral of the GAAR up to 2015/16.

In the politics of the country, there has been a clean break from the past. This ought to have been followed on taxation too for the government's image to move in a positive direction and fill its coffers. The fall in the tax revenues as a consequence of giving up the retrospective law, would have been more than made up for by new industries and tax revenues arising thereby.

The government has been mindful in plugging some tax loopholes

The government has been mindful to plug the tax loopholes so that the exchequer is supported and leakage of revenue is protected – for example, the loophole in leakage of taxation of dividend income has been plugged by providing that the dividend distribution tax will have to be levied on the entire amount of dividend and not on the dividend amount net of taxes.

Other significant steps found elsewhere in the finance minister's budgetary speech do give some certainty and succor to tax payers. Examples:

- Advance pricing agreements for transfer pricing can now be made applicable in respect of the preceding four years
- Advance ruling facility accorded to residents.

While it can be postulated that the finance minister intended that the facility of advance ruling should be accorded to residents in respect of direct taxes by making certain legislative and administrative changes, the fine print and the actual amendment proposed to the Income Tax Act do not carry this intention forward. Instead the advance ruling facility to resident tax payers is proposed only for indirect taxes in the nature of Customs, excise and service tax. This issue must be tackled to give effect to the finance minister's speech and the Finance Bill so that there is no mismatch between the two.

The Budget has sought to enhance certainty of the business environment in India. It is a first step in a long journey towards steering the economy in a manner that complements the economic environment and permits leveraging of our potential to the fullest extent. ◆

The author is Managing Partner, Amarchand Mangaldas

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COLUMN BY P.K. JOSHI

Big Push to Agriculture

The much awaited maiden budget presented by the Modi government commits to sustaining a growth of four per cent in agriculture. The challenge before the finance minister was to increase agricultural production and control food prices. To accomplish this goal, he tried to enhance investments and rationalise subsidies in the agriculture and food sector.

Jaitley tried to enhance investments and rationalise subsidies

The budget listed many measures to improve irrigation, strengthen warehousing, expand R&D, boost farm credit, enhance productivity, etc. Some of the measures are expected to yield quick results but some would take three to four years.

Soil test-based nutrient management can significantly increase agricultural production and improve soil health. To meet this objective, it is proposed to provide soil health card to each farmer via mobile soil testing vans.

To expand irrigated area, the finance minister has proposed a new scheme, 'Pradhan Mantri Krishi Sichayee Yojana', with an allocation of ₹14,389 crore. Similarly, to expand water availability in rain-fed areas, the budget has given an added push to the watershed programme though a new scheme 'Neeranchal' with an outlay of ₹2,142 crore. It is not clearly defined whether this will be the new name of the 'Integrated Watershed Development Programme'. But in the long run, these two programmes are expected to increase water availability for agriculture, reduce dependence on an erratic monsoon and contribute in augmenting agricultural production. The third programme proposed is related to climate change as the extreme events of floods and droughts are increasing.

The budget also proposes to increase investment in agriculture. Agricultural credit has been increased to ₹8 lakh crore. A new scheme is proposed, 'Long Term Rural Credit', for purchase of farm equipment. It would require investment over the long term. It should boost private investment for higher agricultural growth. Promoting organic farming in the north-east and exploring their export potential is another encouraging feature. By default, the north-east region favours organic farming so harnessing its potential for niche commodities will lead to an increase in income of farmers.

MGNREGA is planned to provide wage and self-employment opportunities in rural areas. It should be used for water conservation structures, farm bunds, afforestation, etc. It is more important to make its implementation effective and transparent.

It is equally critical that this programme does not compete with agriculture for labour. It would be more rewarding if this is linked with the proposed programme for developing watersheds in rain-fed areas. All these programmes – at the backend of the food supply chain – related to soil, water, credit and climate change are expected to yield sustainable and climate resilient farming systems. It appears that these programmes will continue and their allocation will expand in subsequent budgets to boost production of agricultural commodities. ◆

The author is Director-South Asia, International Food Policy Research Institute

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COLUMN BY JYOTI SAGAR

A Decent Job Given the Economic Constraints

The Union Budget 2014/15 has brought in much good news for individual taxpayers. Individual taxpayers below 60 years of age will not pay any income tax in case the total income does not exceed ₹2,50,000. The current threshold is ₹2,00,000. Similarly, the maximum investment in tax-saving avenues has been increased to ₹1,50,000 from ₹1,00,000. The investment limit in public provident fund (PPF) is also being raised to ₹1,50,000 from ₹1,00,000. Accordingly, wherever feasible, entire tax-saving investments can be parked in PPF.

The contribution to the New Pension Scheme (NPS) by a central government employee joining on or after January 1, 2004, enjoys a deduction of a maximum of 10 per cent of the salary of such employee. The contribution by the government as an employer is also allowed such deduction. Private-sector employees and consultants are also eligible for such deduction. It is now proposed that the threshold date of joining, i.e. January 1, 2004, is not applicable to private-sector employees.

There was a lot of confusion in the legal provisions regarding the applicability of the joining date of January 1, 2004, due to which many private-sector employees in employment before that date were not able to subscribe to the NPS. This much-needed clarity is expected to help the NPS take off in a meaningful way in the private sector as well. A limit of maximum deduction of ₹1,00,000 has also been proposed. This limit will be part of the overall tax-saving cap of ₹1,50,000.

In case of self-occupied house property, constructed by an individual through borrowed funds, interest payments are allowed to be deducted up to a maximum of ₹1,50,000 while computing taxable income under the head 'income from house property'. In view of a rise in property prices and borrowing costs, this deduction has been raised to ₹2,00,000.

Treating the taxpayer as a customer will help improve mutual trust

Exemption from long-term capital gains tax is available where the sale proceeds of any long-term capital asset including a residential house are parked by an individual or a hindu undivided family (HUF) in a residential house. Lately, in many cases, sale proceeds have been deployed in purchasing more than one residential house and in some cases property has been purchased even outside India. Tax tribunals have pronounced various judgments, some of which have favoured the taxpayer on these accounts. However, negating all such avenues of tax planning, it is proposed that, henceforth, investment will need to be made in one residential house situated in India.

On indirect taxes, customs duty free baggage allowance is being increased from ₹35,000 to ₹45,000. Service tax remains unchanged at 12.36 per cent. There is usual readjustment of customs and excise duties on various items amenable to personal use.

The legislative process in relation to the Budget will be completed in next few weeks and the relaxations can be availed in relation to the current tax year 2014/15.

The new government didn't get much time in preparing this Budget and has done a decent job given the overall economic constraints. Improvement in taxpayer's services and treating the taxpayer as a customer rather than an adversary will go a long way in improving mutual trust and confidence as well as all important tax collection targets and voluntary compliance. ◆

The author is Chairman and Founder, J. Sagar Associates. Views are personal.

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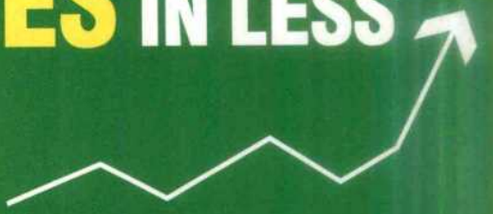

₹10,000 invested in Oct. 1995 has grown to ₹ 6,59,613 on 30th June 2014.

NAV as on June 30, 2014 (₹) 659.6136

Performance of Reliance Growth Fund - Growth Option as on 30/06/2014

Date	NAV Per Unit (₹)	Scheme Returns (%)	Benchmark Returns # (%)	Additional Benchmark Returns ## (%)	Current Value of Standard Investment of ₹10,000 in the		
				Returns (%) ##	Scheme (₹)	Benchmark # (₹)	Additional Benchmark ## (₹)
$ Since inception till June 30, 2014	10.0000	25.05	11.85	10.99	659,613	81,500	70,626
June 28, 2013 to June 30, 2014	430.6869	53.15	33.44	31.03	N.A.		
June 29, 2012 to June 28, 2013	421.8321	2.10	9.91	11.28			
June 30, 2011 to June 29, 2012	450.0176	-6.26	-7.16	-7.51			

$ Since Inception Date - 8/10/1995

Benchmark - S&P BSE 100 | ## Additional Benchmark - S&P BSE SENSEX

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Fund Manager: Mr. Sunil Singhania - Performance of the other schemes managed by him: **Reliance Small Cap Fund- Growth Plan - (Growth Option):** 109.63% 1 year return as on 30-06-2014, -0.99% 1 year return as on 28-06-13, -4.39% 1 year return as on 29-06-2012 and scheme performance since inception (21/09/2010) is 18.88%. Benchmark is S&P BSE SMALL CAP: which performed 80.79% 1 year return as on 30-06-2014, -13.76% 1 year return as on 28-06-13, -19.77% 1 year return as on 29-06-2012 & 0.07% returns since inception. Additional Benchmark is S&P BSE SENSEX: which performed 31.03% 1 year return as on 30-06-2014, 11.28% 1 year return as on 28-06-2013, -7.51% 1 year return as on 29-06-12 & 6.55% returns since inception. Current Value of Standard Investment of Rs 10,000 in the scheme since inception is Rs.19,210 (Benchmark S&P BSE SMALL CAP Rs. 10,026, Additional Benchmark S&P BSE SENSEX Rs. 12,706). Nav per unit (in Rs) : 19.1947 as on 30-06-2014, 9.1566 as on 28-06-2013, 9.2486 as on 29-06-2012 and 9.6731 as on 30-06-2011. NAV at Inception 21-09-2010 – 9.9921. **Reliance Diversified Power Sector Fund- Growth Plan - (Growth Option):** -15.53% 1 year return as on 28-06-2013, -21.91% 1 year return as on 28-06-12, -17.48% 1 year return as on 28-06-2011 and scheme performance since inception (10/05/2004) is 17.71%. Benchmark is India Power Index: which performed -15.22% 1 year return as on 28-06-2013, -24.33% 1 year return as on 28-06-12, -17.05% 1 year return as on 28-06-2011 & 6.14% returns since inception. Additional Benchmark is S&P BSE SENSEX: which performed 14.16% 1 year return as on 28-06-2013, -8.12% 1 year return as on 28-06-2012, 4.04% 1 year return as on 28-06-11 & 14.66% returns since inception. Value of Standard Investment of Rs 10,000 in the scheme as on 28-06-2013 is Rs.44,381 (Benchmark India Power Index Rs. 17,239, Additional Benchmark S&P BSE SENSEX Rs. 34,911). Nav per unit (in Rs) : 44.5608 as on 28-06-2013, 52.7548 as on 28-06-2012, 67.5556 as on 28-06-2011 and 81.8674 as on 28-06-2010. NAV at Inception 10-05-2004 – 10.0404. **Note:** Fundamental attribute of Reliance Diversified Power Sector Fund has been changed w.e.f. September 7, 2013 **Reliance Diversified Power Sector Fund- Growth Plan - (Growth Option):** Scheme performance since inception (7/09/2013) is 87.55%. Benchmark S&P BSE Power : 61.41% returns since inception. Additional Benchmark is S&P BSE SENSEX: 31.88% returns since inception. Nav per unit (in Rs) : 76.5542 as on 30-06-2014. NAV at Inception 7-09-2013 – 41.5745. **Reliance Long Term Equity Fund- Growth Plan - (Growth Option):** -2.58% 1 year return as on 29-06-2012, -0.45% 1 year return as on 29-06-11, 38.84% 1 year return as on 29-06-2010 and scheme performance since inception (27/12/2006) is 6.75%. Benchmark is BSE 200: which performed -7.07% 1 year return as on 29-06-2012, 3.19% 1 year return as on 29-06-11, 23.06% 1 year return as on 29-06-2010 & 4.76% returns since inception. Additional is Benchmark BSE SENSEX: which performed -6.76% 1 year return as on 29-06-2012, 6.61% 1 year return as on 29-06-2011, 18.59% 1 year return as on 29-06-10 & 4.25% returns since inception. Current Value of Standard Investment of Rs 10,000 in the scheme as on 29-06-2012 is Rs.14,328 (Benchmark BSE 200 Rs. 12,917, Additional Benchmark BSE SENSEX Rs. 12,576). Nav per unit (in Rs) : 14.5497 as on 29-06-2012, 14.9349 as on 29-06-2011, 15.003 as on 29-06-2010 and 10.8057 as on 29-06-2009. NAV at Inception 27-12-2006 10.1546. **Note:** The benchmark of Reliance Long Term Equity Fund has been changed from S&P BSE 200 Index to S&P BSE MID CAP Index w.e.f. 21st Aug, 2012 **Reliance Long Term Equity Fund- Growth Plan - (Growth Option):** 75.44% 1 year return as on 30-06-2014 and scheme performance since inception (21/08/2012) is 32.56%. Benchmark is S&P BSE MIDCAP: which performed 57.25% 1 year return as on 30-06-2014 & 25.26% returns since inception. Additional is Benchmark S&P BSE SENSEX: which performed -31.03% 1 year return as on 30-06-2014 & 20.82% returns since inception. Current Value of Standard Investment of Rs 10,000 in the scheme since inception is Rs.16,880 (Benchmark S&P BSE MIDCAP Rs.15,194, Additional Benchmark S&P BSE SENSEX Rs. 14,209). Nav per unit (in Rs) : 25.8572 as on 30-06-2014, 14.7385 as on 28-06-2013. NAV at Inception 21-08-2012 – 15.3182. **Common disclaimers for all performance details: Past performance may or may not be sustained in future** and the same may not necessarily provide the basis for comparison with other investment. Since inception returns (wherever provided) is computed on Compounded Annualized Growth Returns (CAGR) basis. For Scheme(s) which has completed more than 3 years, point to point returns for twelve month periods for last 3 years is provided basis the last day of the calendar quarter and are computed on absolute basis. In case the scheme(s) which is in existence for more than 1 year but less than 3 years, point to point returns is provided for as many period as possible, such period being counted from the last day of the calendar quarter and are computed on absolute basis.

These products are all categorised as High Risk (Brown) and are suitable for investors who are seeking*: [Reliance Growth Fund - (An Open-ended Equity Growth Scheme)] • Long term capital growth • Investment in equity and equity related instruments through a research based approach. **[Reliance Small Cap Fund - (An Open Ended Equity Scheme)]** • Long term capital growth • Investment in equity and equity related securities of small cap companies. **[Reliance Diversified Power Sector Fund (An open ended Power Sector Scheme)]** • Long term capital growth • investment in equity and equity related securities of companies in power sector. **[Reliance Long Term Equity Fund - (An Open Ended Diversified Equity Scheme)]** • Long term capital growth • investment in equity and equity related securities including derivatives.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

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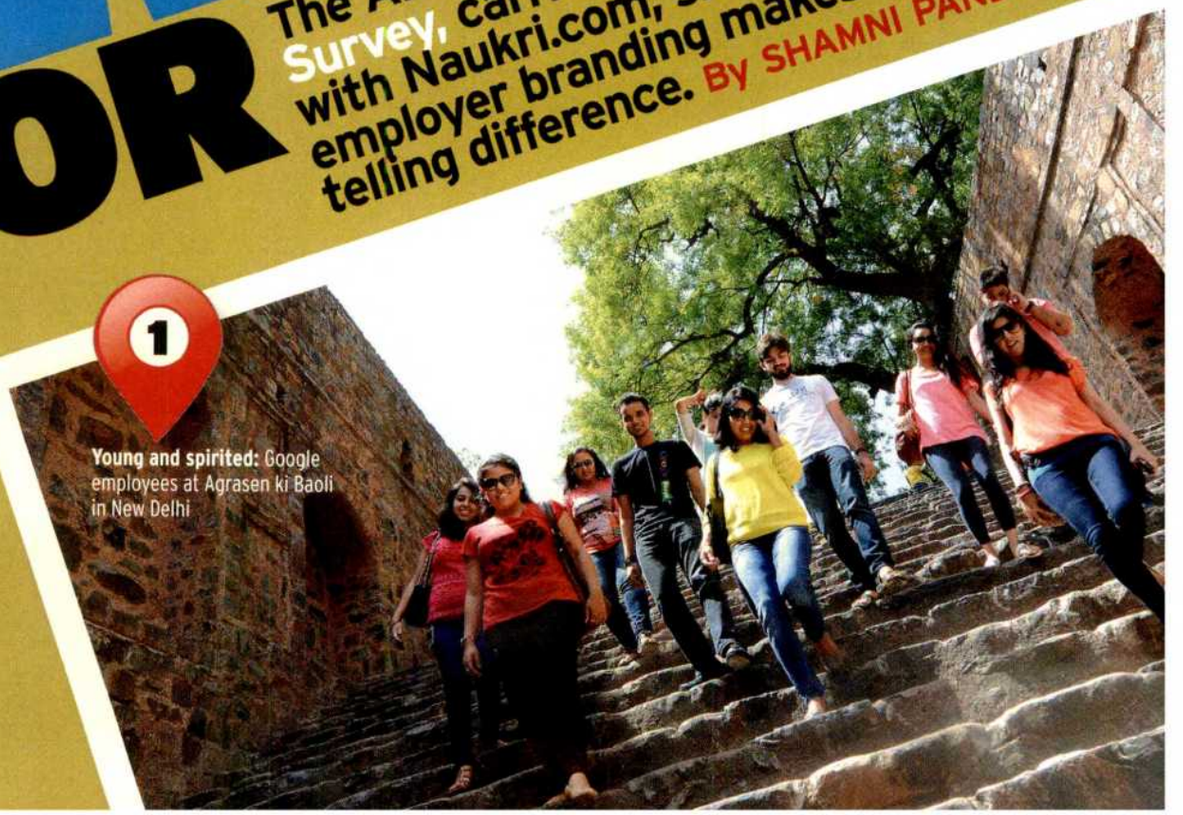
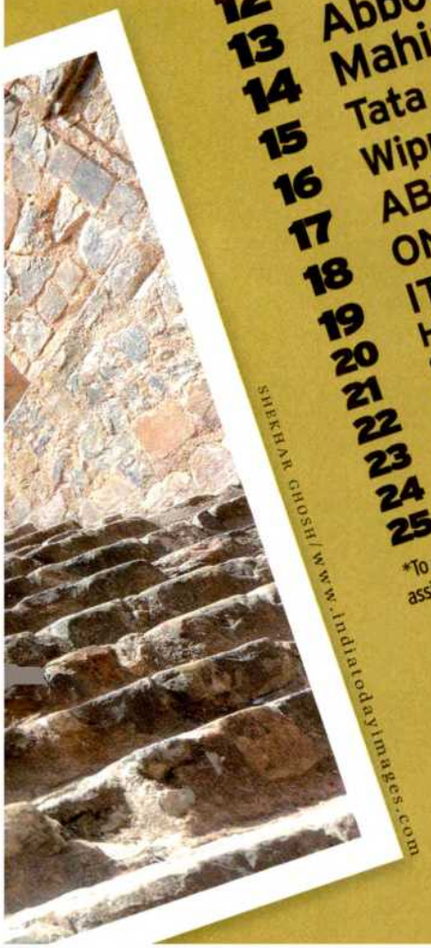


Young and spirited: Google employees at Agrasen ki Baoli in New Delhi

THE TOP 25 2014

RANK	COMPANY NAME	RELATIVE INDEX
1	Google	100
2	Accenture	79.85
3	TCS	74.15
4	Microsoft	51.07
5	IBM	45.89
6	Hindustan Unilever	43.92
7	Infosys	42.63
8	Larsen & Toubro	40.54
9	Reliance Industries	39.56
10	Tata Motors	38.95
11	BHEL	37.39
12	Bharti Airtel	37.06
13	Abbott Laboratories	30.74
14	Mahindra & Mahindra	29.92
15	Tata Steel	29.86
16	Wipro	29.59
17	ABB	28.66
18	ONGC	28.64
19	ITC	28.35
20	HDFC	25.14
21	State Bank of India	23.81
22	ICICI Bank	22.7
23	Vodafone	22.6
24	Coca-Cola India	21.51
25	Air India	21.51

*To derive the indexed score, the company with the highest rating in the employee survey was assigned a score of 100. The numbers achieved by the other companies were indexed to it



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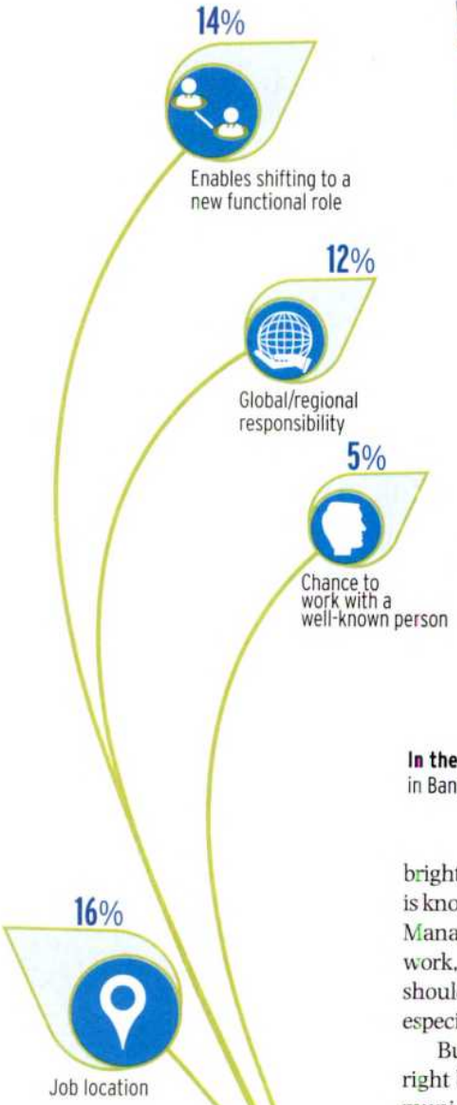
... While considering a job change



brightest people, the fact that it pays well and has the best working atmosphere is known out there. Reputations are built over time," says Kris Lakshmikanth, Managing Director and CEO, The Headhunters India. He points to the exciting work, the kind that is futuristic and the tough selection process. Lakshmikanth should know as he is a veteran in talent search and has tracked hiring trends, especially of IT companies for over two decades.

But how does one understand the ranking that places **Accenture** or **TCS** right behind at the second and third position? "Accenture's consistent communication and better salaries have gained traction in the market. TCS is a 'good' company, but also a regular company," says Lakshmikanth. What he is trying to nail are the nuances and filters people use to differentiate among good brands. So, while Google may be employing just over 2,000 people, TCS has an army of over three lakh employees. Well, limited seats and tough selection process is precisely why IITs and IIMs are revered.

In fact, this ranking puts back the spotlight on the power of employer's brand value. The new-age companies and legacy organisations have melded into our culture like, for instance, the Tatas. This is a reason why the ranking

PREVIOUS YEARS' BEST EMPLOYERS

2012	2011	2010	2009	2008	2007
1 **Google**	1 **TCS**	1 **Infosys**	1 **Infosys**	1 **Microsoft**	1 **Microsoft**
2 Accenture	2 Infosys	2 TCS	2 Google	2 iGate Global Solutions	2 MindTree Consulting
3 TCS	3 Wipro	3 Google	3 TCS	3 HCL Infosystems	3 J&J
4 Infosys	4 IBM	4 IBM	4 IBM	4 HSBC	4 Sapient
5 L&T	5 Google	5 Wipro	5 Microsoft	5 Marriott Hotels	5 Infosys

NILOTPAL BARUAH

has the names of the companies that are facing tough times but are still favoured. It is not the best of the times for **Microsoft** but the company has made it to our top-five list (page 68).

The economic cycle may be taking a toll on **Tata Motors** and **Tata Steel** but they are still liked (page 72). That's because trust means a lot. "I always had a nice impression of the Tata brand. By nice I mean it is solid, it has a core system of values where I felt comfortable even before I joined the company," says Raghav Sud, Head of Financing Strategy, Tata Steel.

Before we get on to the specifics, let us tell you how we did the ranking and why it matters to keep your ear to the ground. This is the 13th edition of the annual *Business Today* Best Companies to Work For survey. We continue our partnership with PeopleStrong HR Services, which conducted the survey and analysis. We once again relied on job search company Naukri.com for its extensive database and reach of over four million registered users and over 500 employers. All this implies that the feedbacks are that of employees from across India and tell what they are thinking.

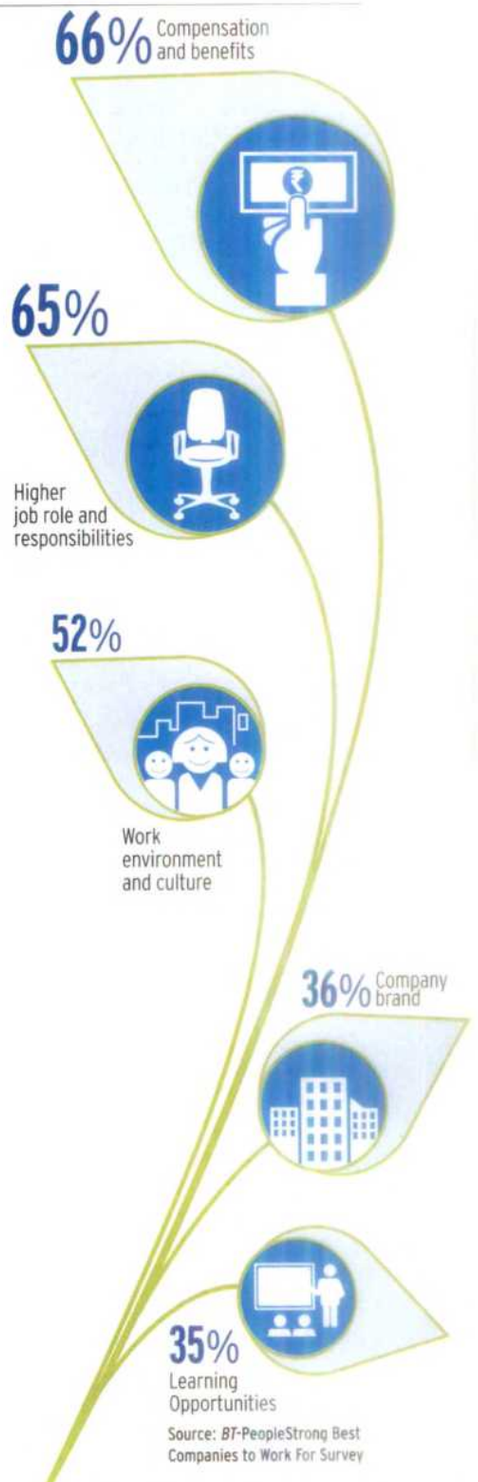
To fine-tune our efforts, we conducted two panel discussions comprising eminent HR heads from companies based out of Delhi and Mumbai. We wanted to know what the companies had to say about our methodology, so that we could do course corrections, if any. Their support was reassuring indeed. The HR heads unanimously felt that our approach of directly reaching out to employees through Naukri.com database was refreshing and unique. Our aim was to etch the perceptions and aspirations of India's employees across sectors. So the companies should scrutinise the findings as it reveals what matters to the employees and what they really think.

Methodology

The survey was done between January 24 and April 11, 2014. The total number of respondents surveyed is 13,364, of which eight per cent are women. The distribution is almost even in the 25-45 age group. In addition, 12 per cent of the respondents are in the 46-55 age group, three per cent in 56-65 age group, and only seven per cent in the less than 24 per cent segment. Ten sectors, including software, pharma, health care and engineering, were covered.

While 37 per cent respondents were from north India, 19 per cent were from west and 18 per cent from south. Respondents from central and east India constituted 13 per cent each. Employees of Indian private companies accounted for 51 per cent of the respondents. Those employed with MNCs formed one-third (29 per cent) of total respondents.

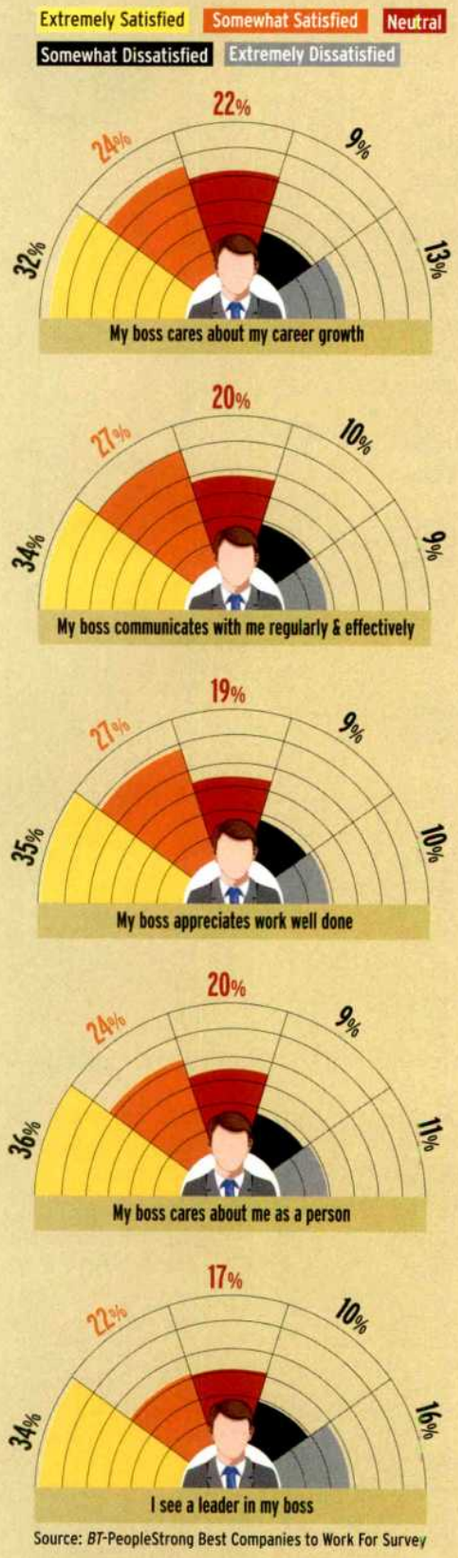
For the overall ranking, respondents were asked a direct question: "Among all the companies that you know of in India, what are the top five dream com-



2006	2005	2004	2003	2002	2001
1 **Infosys**	1 **Infosys**	1 **Sasken**	1 **P&G**	1 **Infosys**	1 **Infosys**
2 MindTree Consulting	2 Sasken	2 Infosys	2 American Express	2 P&G	2 P&G
3 Satyam	3 Genpact	3 Thermax	3 NTPC	3 HP	3 HP
4 Dr Reddy's Labs	4 HCL Comnet	4 HCL Comnet	4 J&J	4 SmithKline Beecham Consumer Healthcare	4 ICICI
5 Sapient	5 NTPC	5 HDFC	5 GlaxoSmithKline Consumer Healthcare	5 Satyam	5 Hughes Software

THE BOSS AND I

How satisfied are employees with their bosses?



Source: *BT*-PeopleStrong Best Companies to Work For Survey

NISHANT

"The bulk of the people who leave us do so with their love and affection for our brand intact"

K. RAMKUMAR Executive Director & HR Head, ICICI Bank

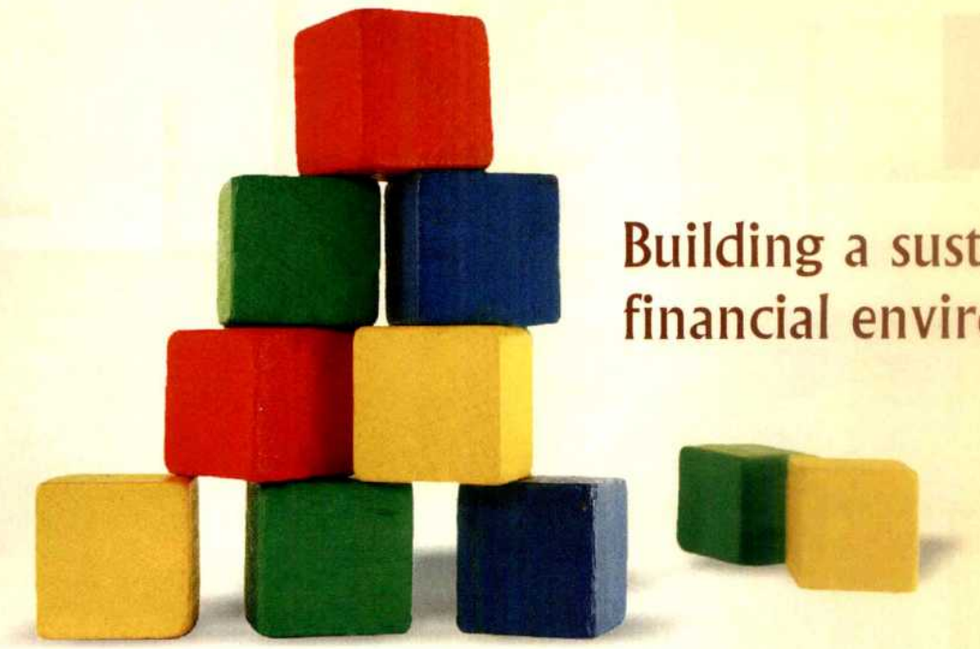
panies that you would want to work for?" We then followed it up with another query: "Which company would you rank the best on each of the factors?" The follow-up question was asked only for the top three companies of the five selected by the respondents in the first question.

The survey participants rank the top three companies on six specific criteria: career growth prospects, financial compensation, work-life balance, performance evaluation, stability and other HR practices. The same approach was used to rank companies within the respective sectors of the respondents. And this is exactly why the top 'dream company' has nothing to do with sectoral ranking. A person's 'dream company' could be different from how he/she shuffles the choice within a given sector. (For detailed methodology, see *businesstoday.in/topemployers2013*.)

The Shuffle

Though much has changed from last year, our list of top three companies remains unchanged. **Reliance Industries** makes a comeback (page 80) and so does ITC and ICICI Bank. **Coca-Cola India** joins the league for the first time. Google is the favourite across regions except east India. There the ranking was dominated by engineering sector and so Tata Steel, ONGC and SAIL topped the chart followed by Google and Bharti Airtel.

The choices of people in the 46-55 age-group were at variance with the other age-groups who had similar choices. They ranked TCS, L&T and Reliance as their top three choices followed by Tata Motors and Tata Steel. Employees in the 56-65 age bracket favoured PSUs and those above 65



Building a sustainable financial environment

CA. K. Raghu
President,
ICAI

CA. Manoj Fadnis
Vice-President,
ICAI

Accountancy, as a profession has evolved over the time and has attained a coveted position as a result of constant pursuit for perfection, integrity, skills & knowledge. On July 1st, 2014 ICAI completed 65 years of professional excellence which have been marked by commendable milestones, several accolades and admiration of the leaders and policy makers of the times. Today, the ICAI is recognized as a premier accounting body not only in the country but also globally.

In these dynamic times, Chartered Accountancy has evolved into an invaluable and indispensable profession for modern business. The ICAI's role has become even more critical in the era of liberalization and globalization. The CAs today are not only the backbone of Indian financial system but are also an 'institution of public trust' besides being 'conscience keepers of economy'.

ICAI envisages to play a greater role in nation-building and public participation by supporting government in its various endeavors and by formulating strategies for various projects launched by the government. Thus playing a much bigger role in shaping a resurgent India.

Strategic Focus Areas

- Leadership and Influence
- Global Recognition
- Members in Industry
- Women Empowerment
- Young Members Empowerment
- Student Initiatives
- Technology Initiatives
- Infrastructure & Governance
- Branding & Capacity Building
- Members Support and Benefits
- Members in Practice
- Research Initiatives

The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
www.icai.org

ICAI - Moving Towards New Frontiers

"In the last one year, we have been training leaders to think before they act and reflect before they react"

PRINCE AUGUSTIN Executive VP, Group Human Capital & Leadership Development, Mahindra & Mahindra

RACHIT GOSWAMI

opted for Abbott Laboratories.

Holy Grail

A new addition to the best companies narrative is what makes a company attractive, especially when employees consider a job change. Is it the brand name? Yes, it is. Employer brand is the holy grail. And we repeat: reputation can't be built overnight.

The brand value allows companies to take tough decisions while keeping dignity intact. For instance, the decision did not come easy for ICICI Bank when it decided to let go 1,200 people earlier this year. "We are blessed because of the people who serve us or have served us in the past. Also because the bulk of the people who leave us do so with their love and affection for our brand intact," says K. Ramkumar, Executive Director and HR Head, ICICI Bank. He says that the bank has never terminated people overnight unless there was a grave risk or credibility issue at stake. The bank has been working assiduously over the last five years to radically transform its approach to people issues. If the clients were being told '*Khayal Aapka*' (concern for you), there is now an equivalent for employees, too: '*Saath Aapka*' (with your help). The bank has consistently shown its benevolent side to employees. While there is a medical cap of ₹4,00,000 for employees and their families, in some cases, it happily keeps aside such things. Such acts certainly make an institution humane. (*businesstoday.in/topemployers2013-icici*.)

More importantly, such thoughts flow from the top. And it is here that Indian multinationals (MNCs) are finding their true métier. "Pink slips are a western concept. Indians build their lives around work and the concept of instant firing is still alien," says Priya Chetty-Rajagopal of RGF Executive. And this is exactly how legacy brands such as Tata, Reliance and Mahindra & Mahindra endure. Anand Mahindra, for instance, often talks about importance of reflection for leaders. "In the last one year, we have been training leaders to think before they act, deliberate before they deliver and reflect before they react," says Prince Augustin, Executive Vice President, Group Human Capital and Leadership Development, M&M.

There is no doubt that the new generation of companies needs to break free and engineer HR policies that are remarkable. A case in point is Fractal Analytics – outside the ambit of our survey – that allows one to choose one's boss and set one's own leave limits (page 82). Meanwhile, Indian MNCs like Bharti Airtel are proving that their HR managers work like business partners. "We groom our HR personnel to be business people who wear an HR hat and they tail managers and business models," says Srikanth Karra, HR Director (India and South Asia), Bharti Airtel. Changes at workplaces are perennial and it is exactly why human stories never go out of favour and remain the centrepiece of growth. ◆

@ShamniPande

BT RETRO

'The Best Companies to Work For' has been an annual feature in *BT* for 12 years. The last study had found that employees look for meaning than money in their jobs (see *businesstoday.in/archives-topemployers*).

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Building 5-star rating by Bureau of Energy Efficiency with AAhEPI of 28 Wh/hr/sqm
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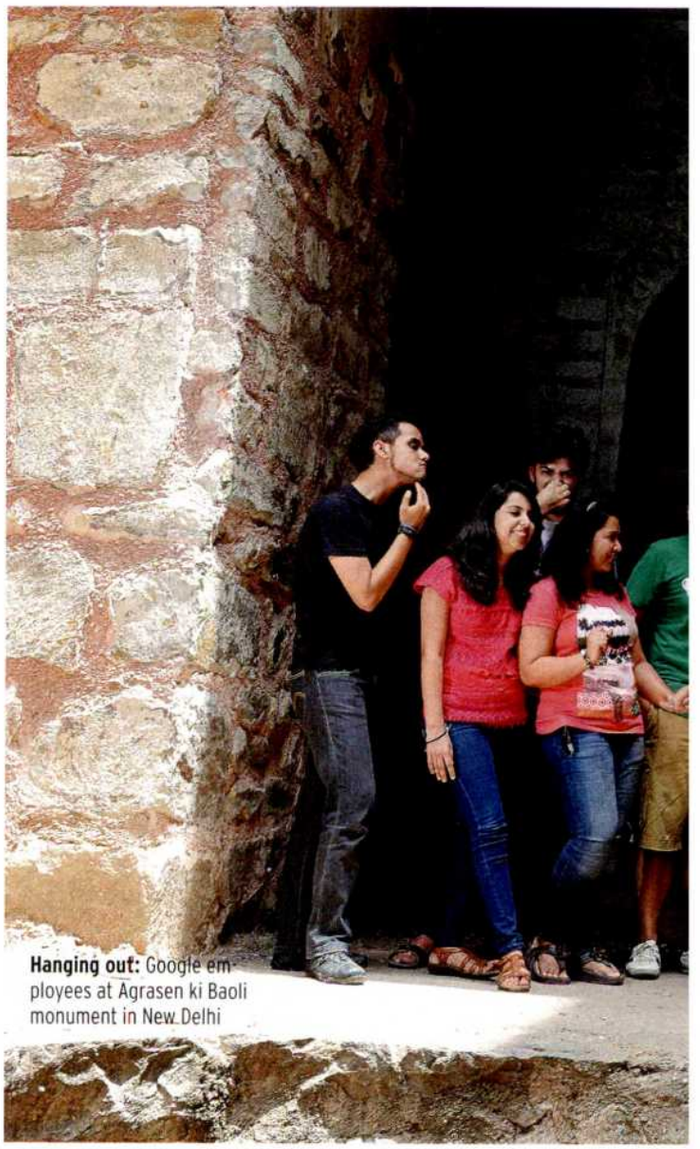
Signatory to United Nations Global Compact (UNGC) & Women's Empowerment Principles (WEP)

SMC360

TOP WINNERS

For the second straight year, Google is No.1 followed by Accenture, TCS, Microsoft and IBM.

By SUNNY SEN and GOUTAM DAS



Hanging out: Google employees at Agrasen ki Baoli monument in New Delhi

RANK 1

GOOGLE

Since 2010, this global Internet giant has been in the top five of *Business Today*'s Best Companies to Work For list. It has topped the list for the second straight year, thanks to the initiatives taken by the company to make its employees feel secure, at ease and responsible. Launched recently, Mentor-on-Call is one such initiative. As Jayashri Ramamurti, Head of People Operations at Google India, simply puts it: "We train mentors in engineering to train other Googlers." This not only brings down the bureaucracy in an organisation, but also offers employees help at hand. Other initiatives include Action Item, which involves a list of parameters to judge employees' work flow, and Google Orientation, where examples of real internal success stories are shared.

And who can forget about Google's very own Hangouts, a direct interaction tool used for more targeted and focused training. According to Ramamurti, a constant exchange of ideas from top-down and bottom-up is important for an organisation's overall growth. Google also tries to engage prospective employees, which helps them to not only know the company's culture but also settle in better.

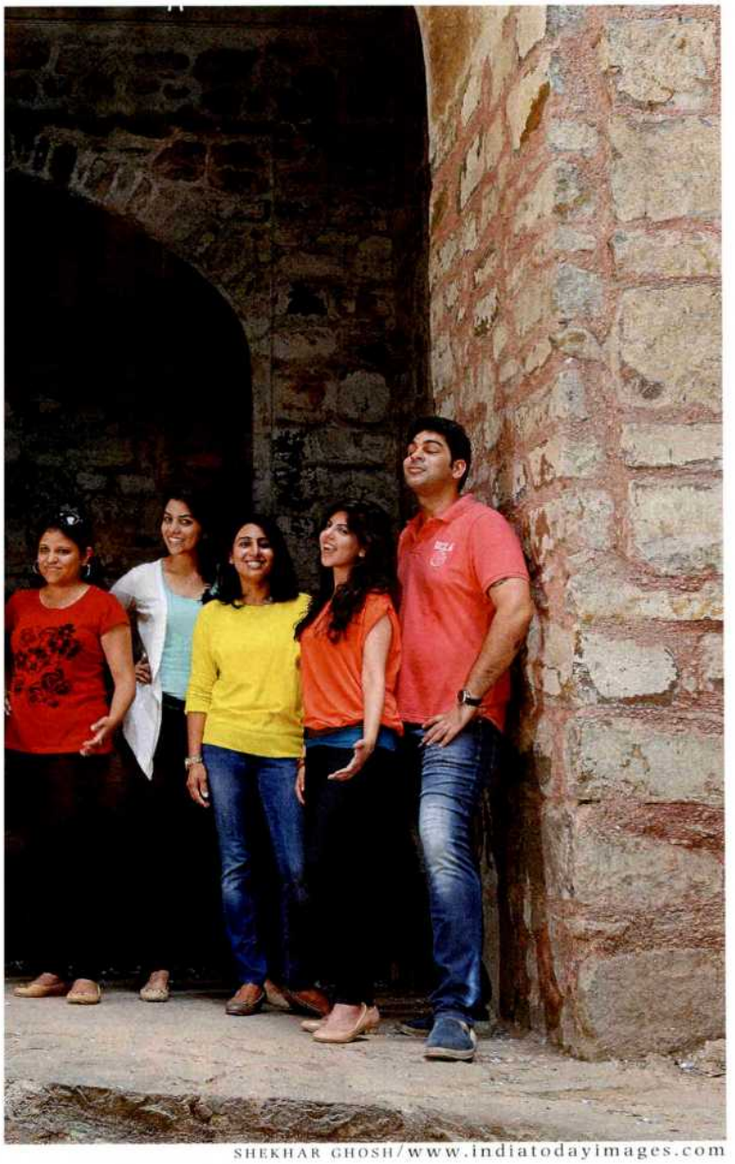
RANK 2

ACCENTURE

"Reshaping talent agenda is becoming a company agenda," says Manoj Biswas, Managing Director of HR at Accenture India. Keeping this in mind, Accenture has taken up a new way of hiring, engaging, and training people. 'Social' is at the heart of this change. The technology and consultancy services firm has created a new interviewing app, where the candidate can start engaging with the company prior to the interview. The candidate can also know who the interviewer is. Then there is the Accenture talent tool, which is integrated with different social media apps such as Facebook, Twitter and LinkedIn to connect with potential candidates. "It's about building a relationship, and not always about hiring. It also helps in people suggesting for the right candidate," says Biswas.

Video interview with Accenture employees at www.businesstoday.in/topemployers2013-accenture

Video interview with Microsoft employees at
www.businesstoday.in/topemployers2013-microsoft



SHEKHAR GHOSH/www.indiatodayimages.com

RANK 3 TCS

The largest private sector employer in India, Tata Consultancy Services (TCS) employed 300,464 by March 2014, and had an attrition rate of just 11.3 per cent. In comparison, rival Infosys's attrition rate stood at 18.7 per cent. TCS, as is obvious, did many things right. One of them is how the company manages its young and diverse workforce. The average age at TCS is 28 and it employs people from 118 nationalities. TCS works overtime to make them connect better. The favourite medium is social media. In 2012, TCS introduced an internal social networking platform called 'Knome', pronounced Know Me, to help connect the company's leaders with the employees. Ajoy Mukherjee, Executive Vice President, Head, Global HR, TCS, credits the company's "holistic" approach for its high retention rate.

Video interview with IBM employees at
www.businesstoday.in/topemployers2013-ibm

RANK 4 MICROSOFT

Many have criticised software giant Microsoft for losing sight of its consumers – for its lack of connect with mobiles. Many, however, will also agree that it is a great employer. So, as the company tries to find relevance among new-age consumers, it also needs a much motivated and aligned workforce. One thing that the company's leadership team, headed by industry veteran Bhaskar Pramanik, is focusing on is to change its approach from a performance-oriented one to an impact-oriented one.

Rohit Thakur, HR Head at Microsoft India, believes that "lives have generally become more stressed, and personal life affects your professional life". Keeping this in mind, the company tries to take care of its employees' personal life. It can, for instance, customise their health insurance policies as per their need. Then, a third-party agency has been hired to listen to their grievances – personal and professional.

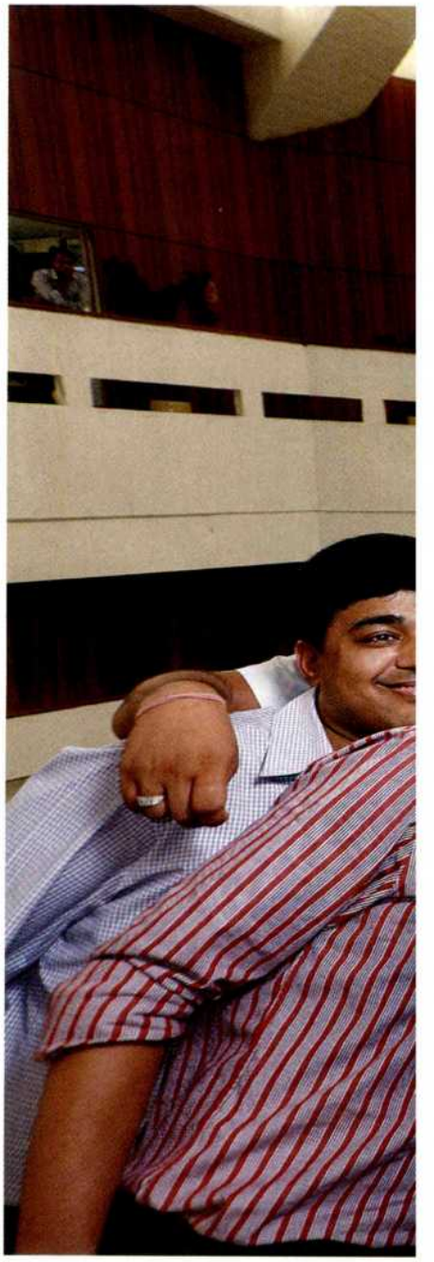
RANK 5 IBM

When D.P. Singh joined IBM 10 months ago as HR Head, India and South Asia, the company was in a transition. It was diversifying its business to verticals beyond telecom where it has traditionally been very strong. The employees were at the centre of this change. After all, for companies such as IBM, which has a lakh-plus employees in India alone, it is important to keep them happy. So, Singh thought of touching their lives in four ways: engagement, development, health and well being. In 2013, IBM created a social platform called 'New2Blue' in an attempt to create a community where new employees could interact with one another. The platform also allowed existing employees to help new employees with work and adapt to the culture. Singh is also trying to build a better integrated workplace for the new as well as old workforce. "You have to keep all generations engaged," he says. ◆

@SunnySen, @Goutam20

ELECTRIFYING LIVES

BHEL's market dominant position and the many facilities it offers employees make it a great workplace. By ANILESH S. MAHAJAN



TOTAL EMPLOYEES
55,000

WOMEN EMPLOYEES
20%

ATTRITION RATE
LESS THAN 1%

In 2012, Jagdish Tanwani followed his father's footsteps and joined state-run power equipment maker Bharat Heavy Electricals Ltd (BHEL). Tanwani, a mechanical engineer, had spent the previous 12 years with multinational companies in North America and Europe. Why did he join BHEL when he moved back to India? "BHEL was a natural choice for me. Among state-run companies, BHEL gives the most flexibility to work in different verticals," he says.

Tanwani is one of several BHEL executives who get the opportunity to work in verticals other than their area of specialisation. B. Prasada Rao, BHEL's Chairman and Managing Director, says the company encourages engineers to take on various jobs, including finance and other unrelated fields. "We are okay if someone fails in his efforts. We encourage employees to take risks. We support them if they want to expand their horizons," he says.

The flexibility to work in different verticals is just one of several facilities that BHEL offers its 55,000 employees. The company also provides perks like accommodation, relevant training and adequate monetary compensation, and has a commanding reputation as the country's largest maker of power equipment. "These reasons are good enough to keep someone with BHEL," says Yogesh Chhabra, Deputy Company Secretary, who has been with the company for 18 years.

BHEL's dominant position and the career opportunities it offers make the company a good hunting ground for private players looking for talent. "BHEL allows you to work in challenging verticals even at the beginning of your career. In comparison, private players will only allow you to work on similar jobs after six to seven years of service," says P.R. Shriram, who worked with BHEL until his retirement in 2011 and is now a director at Bajaj Energy.

That BHEL is a great company to work for is reflected also in its attrition rate of less than one per cent. During his tenure Rao has laid special emphasis on strengthening the human capital. As demand for power equipment rose, BHEL expanded its manufacturing capacity and hired

Video interview with BHEL employees at
www.businesstoday.in/topemployers2013-bhel

The Selfie moment: BHEL CMD B.P. Rao clicking a picture with colleagues

VIVAN MEHRA/www.indiatodayimages.com

about 4,000 people every year in the past five to six years. This has helped BHEL ward off competition from private players as well as Chinese rivals.

Rao says BHEL also encourages women engineers by giving them opportunities to work in field postings.

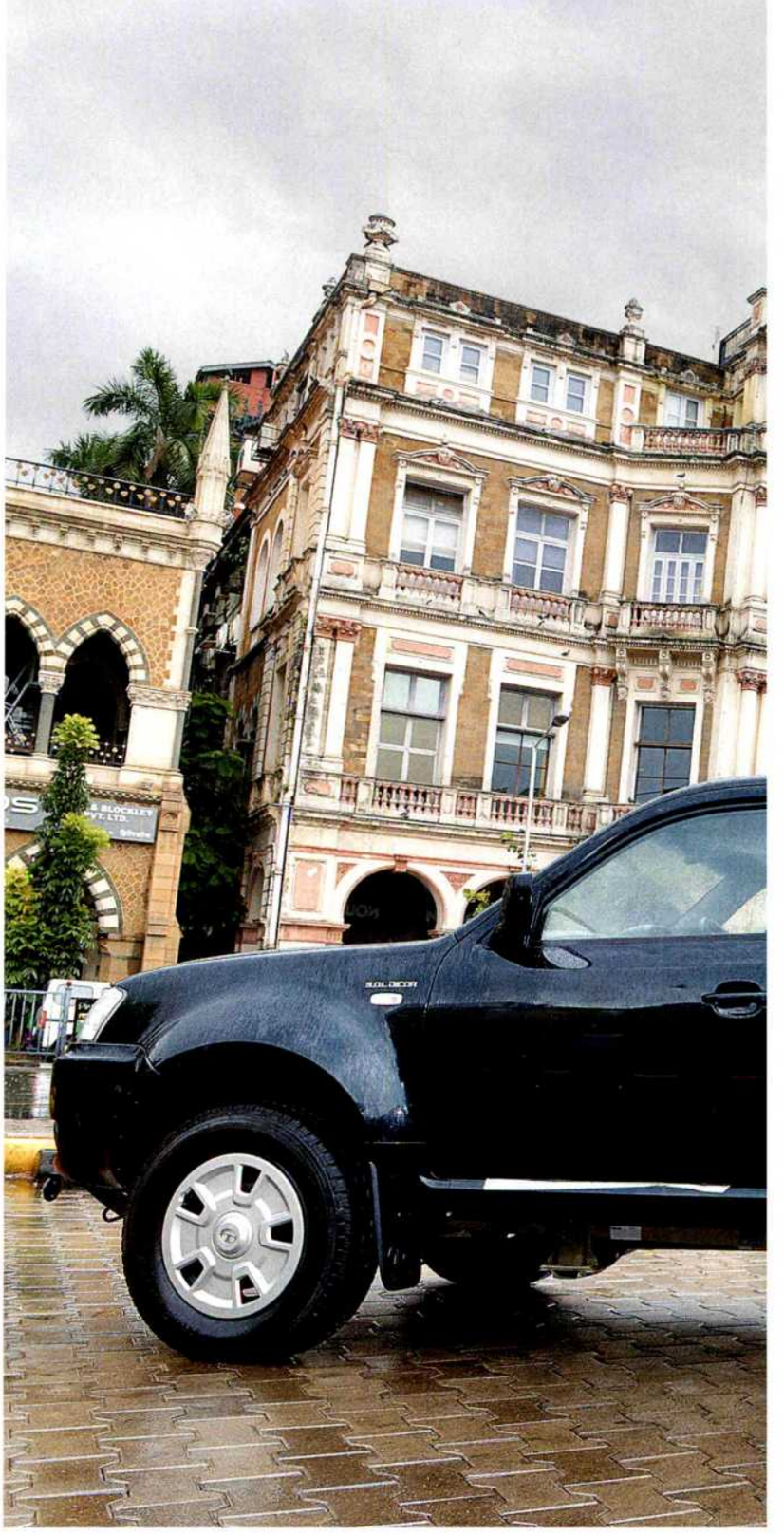
Over the past year or so, the slowdown in the power sector has affected BHEL. The company has been going slow on recruitment, though its order book remains healthy and it still commands a market share of 72 per cent, says Rao. But he is identifying opportunity even in adversity. He says that, since the market is not doing well, this is a good time to invest in human capital. The company has been conducting various training programmes for employees to prepare them to work in the future, he says. Training is essential to maintain its leadership position in the power-equipment segment and to diversify into other sectors such as defence. "There are so many opportunities," says Rao. "If our people want to work, we are happy to help them out." ◆

@anileshmahajan

COME RAIN

Employees feel safe under the Tata umbrella, even if Steel and Motors are facing rough weather.

By SUPROTIP GHOSH



PHOTOGRAPHS BY RACHIT GOSWAMI

For the 12,000-odd contract workers who walk through the gates of Tata Steel's Jamshedpur plant of every day, a small new system set up last year on the shop floor has been a big boon. They have been able to instantly access information such as health and attendance records of any contract worker through the Contract Labour Management System (CLMS) linked to the plant's internal computer network.

The system is very useful mainly because the shop floor is not manned by the same set of people every day. Contractors entrusted to supply labour round the year deploy workers for a particular day by selecting them from a large pool of pre-screened labourers whose records are with the company.

According to Amit Kumar, Head, Central Maintenance Planning, Tata Steel, the database can be very useful for various rea-

OR SHINE

EMPLOYEES' DELIGHT: Gajendra P. Chandel (seated), Tata Motors' Senior VP and Chief HR Officer, with employees in Mumbai

WORK HARD, PLAY HARD: Tata Steel employees enjoying their leisure time at their office

sons. "Steel plants have a lot of high-rise structures. Working on top of them could be dangerous sometimes. Through this system we can instantly find out if a particular worker has high blood pressure, blood sugar levels or vertigo. Someone with such a profile will be spared from such works," he says. The global steel major employs over 75,000 people worldwide of which 36,199 are with India operations. Suresh D. Tripathi, Vice President, HR, Tata Steel, says the upcoming steel plant in Kalinganagar in Odisha will employ around 5,000 people and the CLMS will be deployed there too.

Tata Steel's India plan appears on track despite the fact that the last financial year (2013/14) had not started on a good note. The steel major had to write down $1.6 billion for goodwill in 2012/13. In 2013, the consolidated net profit for Q1 was ₹11,423.30 crore. But it fell to ₹9,509.50 crore and ₹4,995 crore in Q2 and Q3, respectively, before recovering in Q4 to touch ₹10,711.90 crore with its basic and diluted earnings per share (EPS) at ₹10.20, according to the Bombay Stock Exchange (BSE). In the same quarter, Shanghai Baosteel Group Corporation, the world's second-largest steelmaker after ArcelorMittal, had posted an EPS of 0.35 renminbi or ₹3.39. However, analysts say, Tata Steel Europe, which accounts for two-third of its entire operations, remains 'on a razor's edge'.

Another group company, Tata Motors, too is going through a rough patch. Industry sources say 2013/14 was dismal as car sales, for the first time in 10 years, fell by six per cent over 2012/13 and market leader Maruti could grow only by less than a per cent. Tata Motors was particularly hit as 35 per cent fewer cars were sold compared to 2012/13.

All this and the sudden death of then-managing director Karl Slym in January this year not only brought media attention but also put to test the company's ability to overcome tough times, says Gajendra P. Chandel, Senior Vice-President and Chief HR Officer, Tata Motors.

He says the top management continued to perform because senior executives worked in sync. "We got our top 100 leaders trained through the Leadership Edge programme so that all of them understand the organisation and the way it is going forward and how it needs to be led by these managers," he says. As part of this initiative, the managers travelled far and wide. They visited the offices of customers and travelled in buses and trucks to know customers' needs and also how their competitors operate. Even the desk-bound functionaries in finance and administration were part of the programme.

For the country's largest maker of trucks and buses, engineering and production have always been the company's forte. It is the only Indian company to have carved out two new segments in the crowded low-price band of India's automobile market — Nano in passenger cars and Ace in the commercial vehicle segment. The Ace has eliminated the three-wheeled goods carriage from major markets. Chandel says the aim now is to make itself more customer focused. Eighteen months ago, Tata Motors had articulated a vision on which it proposed to rest its organisation culture — accountability, customer and product focus, excellence and speed (ACES), a name that seems to draw from its best-selling product. And it seems to be a harbinger of changing times at Tata Motors.

Meanwhile, on the human resource front, the group companies continue to follow one of the basic tenets of group founder Jamsetji Tata that "people need to be taken care of and they will take care of the rest". From this stems the idea of building and maintaining an ecosystem in which the staff remain comfortable.

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"There are workers at the Jamshedpur plant who have been there for four generations," says Tripathi. He says a right mix of challenging work environs, scope for learning and growth, and a feeling of contributing to the organisation's growth suits perfectly for most employees. "In terms of growth, not just the employees but even their families have felt that," he says.

According to K. Sudarshan, Regional Managing Partner (Asia) at EMA Partners, an international executive search firm, this is the hallmark of any great company. "The sense of ownership that Tata companies provide is unique," he says. But the expectations in these changing times are high. "Compared to the earlier generations, job gratification is more important for the present ones," he says.

WELL-CHERISHED LEGACY: Tata Motors' Chandel (centre) with Anil Tyle, AGM, Corporate Facility Management, and his son Nikhil Tyle, Assistant Manager, Telematics and Analytics Programme

Raghav Sud, Head of Financing Strategy at Tata Steel, is a case in point. At 32, he has already been at the helm of deals to finance the company's various high-profile acquisitions such as the Singapore-based Natsteel. In 2011, he was posted in London to help manage the finances for Corus Group Plc. "It was a nice experience," says the soft-spoken Sud, who lives just a 10-minute walk away from the Tata Group's offices in south Mumbai.

According to N.S. Rajan, Member, Group Executive Council and Group Chief HR Officer, Tata Sons, exposing employees to different disciplines would do good to their range and skills. "It would be like going back to school and learning afresh with the experience behind you," Rajan wrote in an email to *Business Today*.

This fits well with employees who belong to the Millennial Generation like the 29-year-old IIM Calcutta alumnus Ruchika Arora. She joined Tata Steel in 2008 and has worked on a bio-fuel project in Delhi and a CSR effort in Indore. She has sold steel to companies like Honda and Hero, and now works with the office of Group Chief Financial Officer Koushik Chatterjee. A quintessential Generation Y executive, she looks forward to a new challenge every two years or so. At the group level, Rajan says, one of the initiatives is on 'diversity and inclusion' launched by Chairman Cyrus Mistry. It is being headed by a newly-formed diversity council comprising CEO and CXOs, and will focus on gender, race, ethnicity and special abilities.

As part of a two-pronged strategy, the group first aims to double the number of female employees by 2020. Currently, there are 115,000 women in a workforce of 540,000. But as one goes to the top of the pyramid, the number of women comes down. Here comes the second objective. "It is to groom 1,000 women leaders in the group by addressing the constraints that they face on their way up the ladder," says Rajan. Two women — Sarita Shah as Head of Corporate Finance, Investor Relations and Risk, and Dipali Talwar, Group General Counsel — have already joined the top ranks in the last one year or so.

In the last one year, Tata Motors has also put together a differentiated reward mechanism, in which the top 10 per cent to 15 per cent people can get up to 60 per cent higher pay than the median performers. The bottom 5 per cent to 10 per cent is put on a performance improvement plan.

The group leadership is also thinking of something more radical. Rajan says a key focus area is Tata Next Practices. This is a 360-degree benchmarking of policies and practices that have consistently delivered outcomes.

It will cover efforts that span internal benchmarking of Tata companies, external benchmarking of companies vis-a-vis global peers and also what Rajan calls 'first principles derived from academic research'. The last one will include ideas from the global research community that speaks of fundamentals in business. ◆

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PEOPLE FIRST

Coca-Cola India makes the list of best employers for the first time, having institutionalised its grooming and mentoring processes. By SHAMNI PANDE

Beat the heat: Coca-Cola interns at a village in Haryana's Palwal district

Former employees are often best placed to assess the work culture of a company. "I spent the second best years of my life working at Coke," says Neeraj Kakkar, Co-founder and CEO, Hector Beverages, the start-up that owns beverage brands Tzinga and Paper Boat. "The first best years of my life are currently with my own company," he adds with a grin.

Kakkar acknowledges how rolling out his own venture was possible and easier because of his all-round exposure at Coca-Cola India. He worked for the beverage giant for seven years between 2001 and 2008. "I was familiar with all the challenges, be it supply chain, sales, marketing or distribution. The exposure employees get is simply the best," he says.

Over the past decade, Coke has expanded operations in India at a frenetic pace, clocking 31 consecutive quarters of consistent volume growth. In fact, India is today the sixth-largest market for the company globally and it has plans to invest another $5 billion in the country by 2020. Along the way, the company has invested in its employees – it currently has a headcount of 250 in India.

The company has empowered and given opportunities to its workforce, the kind that Kakkar still talks about with enthusiasm. Indeed, the company has institutionalised its grooming and mentoring processes (see *Making a Difference*). And clearly, the company believes in taking good care of its employees. "I have been with this organisation for almost 20 years and I have found the company consistently humane," says Sumanta Datta, Vice President and Customer Leadership, Coca-Cola India. Datta recalls the time when he fell ill in China – he was transported to Hong Kong to have the best medical care. "In fact, the CEO cut short his holiday and found it important enough to look me up," he says.

The company has demonstrated its commitment to diversity at the workplace and has placed women in key positions in India. For instance, Anupama Ahluwalia is the Vice President; Sujatha Kumar, Director and Executive Assistant to President; Sonu Grover, Director for Strategic Initiatives; and Alpana Vartak, General Manager of HR.

This is affirmed by 28-year-old Sneha Vaidyanathan, Assistant Marketing Manager - South West Asia, Coca-Cola India. Her association with the company began as a mere intern while doing her management from MDI Gurgaon. "I got to handle the entire Coke Studio's first season in 2011. I loved the freedom and responsibility. Besides, who gives interns that kind of responsibility!" she remarks. Coke Studio is an Indian television series on MTV with live music performances.

Not surprisingly, Vaidyanathan had no hesitation in accepting the job offer by the company in May 2012. As part of the management trainee rotation programme, she gained exposure in every department across the country – sales, manufacturing, marketing – and was also a part of the corporate social responsibility team for a while. "The entire scope is thrown open to you," she says of the opportunities given to her by the company. Coca-Cola India has 25 per cent women in its workforce today.

The company has a relatively low employee turnover ratio of under 13 per cent, possibly a result of its employee-centric policies. ◆

@ShamniPande

MAKING A DIFFERENCE

Coca-Cola conducts several development programmes for its employees

PEGASUS: A seven-month programme to prepare middle managers for leadership. Involves 360-degree feedback, personalised coaching and academic learning sessions

CHRYSALIS: A five-month programme for junior-to-mid-level employees. It is meant to groom future leaders and assesses different skills in employees

CORE: It is a programme meant for junior employees and helps transform them into "managers"

CATALYST AND DON KEOUGH ACADEMY: Programmes at the academy are meant for senior most employees and aids them in taking on global leadership responsibilities

THE COCA-COLA UNIVERSITY: It includes courses from leading global universities such as Harvard. Senior employees can attend them at their leisure

LEAD INSPIRE CONNECT PROGRAMME: It was set up to encourage women to take on leadership roles in the company

MANTRA: An eight-week summer internship programme for students from the top B-schools

VIVAN MEHRA/www.indiatodayimages.com

RELIABLY YOURS

As RIL gears to be a Fortune 50 company, people and workplace transformation take the front seat. By SHAMNI PANDE

CHANGING TIMES: RIL Chief HR Officer Prabir Jha (second from right) with colleagues at Reliance Corporate Park, Mumbai

When the country's largest private sector company, Reliance Industries Ltd (RIL), talked about transformation, people were pleasantly surprised. In June, at the Annual General Meeting, Chairman and Managing Director Mukesh Ambani had hinted at this while expounding his vision.

"Over the next three years, the commissioning of each of our large projects in petrochemicals and refining, strengthening of our retail business and launch of Jio will propel us closer to our aspiration of being a Fortune 50 company as we complete 40 years of our corporate journey," he had said. In achieving this objective, he sees people as the core of RIL's 'competitive advantage'. As part of this, a couple of months ago, says Prabir Jha, President and Chief HR Officer of RIL, the company announced a five-day week. "We were overwhelmed by the response," he says. More such moves on the people front are rapidly changing the image of this ₹401,302 crore ($67 billion) company.

RACHIT GOSWAMI/WWW.INDIATODAYIMAGES.COM

RIL has roped in its joint venture partner, British Petroleum (BP) PLC, to bring in some of the best practices. "The BP HR team is working with ours for a new performance and reward system, talent management practices, resourcing systems, and learning and leadership frameworks in various phases," says Jha. In fact, BP's HR head David Oxley has been camping at Reliance since September last year.

But still few people know much about RIL's work culture. The thought of serious men with workhelmets, of seasoned veterans, takes a back seat when one sees a young and buzzing workplace. "It is a place that surprises you with its cheer, friendly ambience and the state-of-the-art infrastructure," says R. Suresh, Managing Director, RGF Executive Search, a recruitment solutions provider.

The infrastructure bit, however, comes as no surprise. After all RIL has given India a world-class refinery at Jamnagar, Gujarat. "We don't really speak much about our caring work culture or even the opportunities in store," says Jha, an ex-bureaucrat, who joined RIL in December 2013.

The company has roped in Vikram Bector, earlier with Tata Motors, as Chief Talent Officer. RIL has also appointed Ashwani Dahiya as the Senior Vice President and Head of Performance and Rewards. He brings with him a decade of experience of working with American Express and was persuaded to move out of Singapore in May. "I get to be part of the leading company in India that aims to be part of the global Fortune 50. Look at the sheer number of people you will deal with here," says Dahiya. Handling the destiny of nearly 85,000 employees seems exciting indeed.

The company has also been tapping into top B-schools and had started the two-year Reliance Accelerated Leadership Programme (RALP) in 2012. "Having worked with the Bank of America-Merrill Lynch, I knew about RIL's operational excellence. It was exciting to get an opportunity to strategise and execute projects," says 28-year-old Atul Kumar, an IIM-Ahmedabad alumnus, who joined this May as Manager, Chairman's Office.

Kumar is already talking about work-life balance. "The enormity of the project's impact keeps you focused. But leaders here always guide you to structure it," he says.

Only those familiar with the company fully know the diversity out there. Michiel Brand from the Netherlands is a case in point. He joined in October 2013 as Global Book Leader for gasoline trading. His reluctance to shift base melted away when he saw the Jamnagar Refinery. "It was awe-inspiring. I have worked in this industry for over 25 years and this is the best," he says.

Ambani's interactions with people, too, is helping the company a lot. "The promoters are closely involved in the business and take swift decisions," says Brand. The pay and perks are also very enticing. "I am treated well. I have a house, a driver and a housekeeper. Geography doesn't matter," he says. ◆

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Standing out: Fractal Analytics's employees at their Mumbai office

FREE REIN

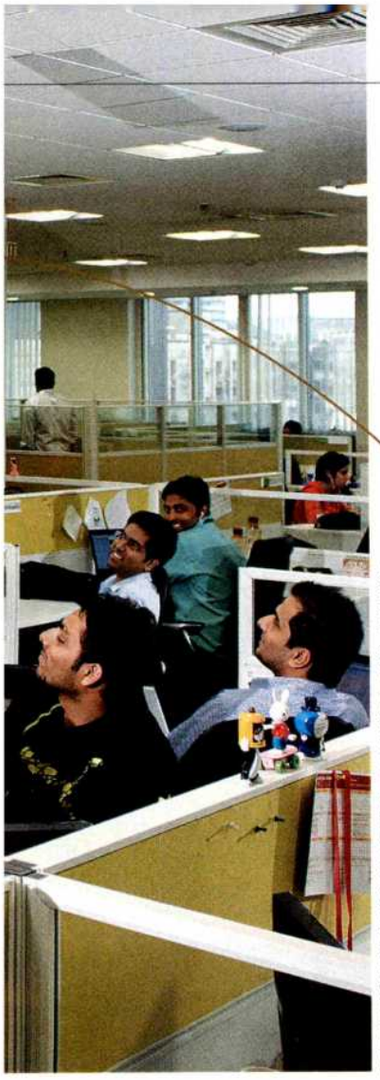
Fractal Analytics allows employees unprecedented elbow room to decide their career paths. By ARUNIMA MISHRA

Six months ago, Vaibhav Dalal changed his manager at Fractal Analytics. An engineering graduate from Mumbai University and an MBA from XLRI Jamshedpur, Dalal, 31, who joined the analytics provider 14 months ago, was heading a digital and e-commerce project before switching to marketing.

The move happened after Dalal's conversation with Careen Foster, Fractal's Chief Marketing Officer. He spoke to her about how marketing was defining programmes, and shared his knowledge on how his team was generating insights on brands' digital impact for some Fractal clients. He offered to work on measuring Fractal's digital impact on an assignment basis. The marketing team then realised how valuable his work was. "I was excited with this opportunity. Thanks to the 'People Principle' policy, I initiated a discussion with my delivery manager, and he accepted my decision to move. As per the process, a person was identified to backfill my role, and the transition was done in just six weeks," says Dalal. At most other companies, he would have had to quit and find another job if he contemplated such a change, but not at Fractal.

People Principle was introduced

Video interview of Fractal Analytics employees at www.businesstoday.in/topemployers2013-fractal



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about six months ago to help create an environment of freedom and trust among Fractal employees. The leadership team's vision is that all employees should enjoy the same level of trust as senior executives. People Principle has elements such as the 'Wikification' of company policy (allowing employees to amend it), self-regulation in matters such as expense claims, leave and dress codes, and a performance evaluation that is divorced from rankings. It gives employees the freedom to choose desired roles, projects, managers, mentors and even change career tracks.

Fractal was co-founded in Mumbai in 2000 by Srikanth Velamakanni, now CEO, Pranay Agrawal, currently Executive Vice President-Global Consulting, and three others. Now, it's run by Velamakanni and Agrawal, who met as students at the Indian Institute of Management, Ahmedabad. It serves clients in over 100 countries through 11 offices globally and believes that employees give their best when they are not hemmed in. In fact, 50 others have already followed Dalal, making use of the career-altering initiative (People Principle) he took advantage of.

"... I initiated a discussion with my delivery manager, and he accepted my decision to move"

VAIBHAV DALAL
Senior Manager (Marketing), Fractal Analytics

Fractal has 700 employees and aims to raise its staff strength to 1,000 globally by the end of 2014. The company has emulated some other best practices of global companies as well, such as not tracking its employees' vacation time and leaving them alone to work in freedom. The first was learnt from Netflix, the second from Google.

Fractal asks its employees to set their own targets and then self-determine their goal achievement percentage, which is the basis of their salary increments and variable pay. Velamakanni says only one-third employees chose that they exceeded 110 per cent of their goals – the highest bracket – even though everyone could have chosen that category. "It shows that we let people govern themselves, and they do not misuse the freedom," he says.

Also, Fractal never questions or audits the reimbursement bills of employees. It pays out the full and final settlement of a departing employee on the latter's last day at work itself. Information is freely shared – and not, as in most companies, on a 'need-to-know' basis. Employees choose their work timings, with no specific 'in' time or 'out' time. They are also allowed to work from home.

Velamakanni says the main aim of these practices is to reduce professional stress in employees as much as possible. "We want to take the noise away from things like performance appraisals and rankings as it takes attention away from the real stuff. People here are happy and focused."

Most encouraging of all, such radical departure from accepted corporate practices has not impacted Fractal's top line. It clocked around ₹300 crore revenue in 2012/13. "Analytics has become important. In the past year, 12 CXOs of companies, of sizes between $10 billion and $100 billion, have visited us," says Velamakanni. Fractal has set itself the goal of reaching ₹600 crore revenue in the next two years, going on to touch ₹1,000 crore at which state it can become a listed company, he adds. Velamakanni wants Fractal to be the 'BMW' of analytics. "If we take great care of our people, our people will take care of our clients." ◆

@Mishra_Arunima

THE RIGHT CHOICE

What makes Fractal Analytics different

- Allows employees to move between departments, in effect choose their own bosses
- Gives employees the freedom to choose their work timings, and also the option to work from office, home or anywhere else
- Provides the full and final settlement of a departing employee on his/her last day itself
- Does not track employee leave

Evolving Workplaces, Changing Expectations

BY SHELLY SINGH Co-founder and Chief Business Officer, PeopleStrong

The financial year 2013/14 has been one of recuperation for businesses globally. While the first half was full of uncertainties, the latter half was greeted with the hope that the economic turmoil shall pass! The job market, too, followed the same trend, thus leaving a close impact on employees.

Over the years, the Best Companies to Work For survey has provided us with what employees believe and feel for – their aspirations and perceptions. While the 2009 study brought out the need for a differentiated HR strategy for employees of different genres and geographies, the 2010 study focused on the importance of 'brand', highlighting the fact that HR should think of synchronising the messages of an employer brand with that of an overall consumer brand. The 2011 study recognised that HR leaders need to manage their relationship with employees by aligning their perceptions and aspirations with reality. And in the 2012 study employees demanded ethical leadership and showed a shift towards meaningful aspirations.

The 2013 study findings become all the more interesting as they depict the perceptions and aspirations of employees in the turbulent economic climate. Here are the key takeaways from this year's study:

The Balance of Stability with Work-Life

The balance is not about how the office looks like, or how are the HR practices. For the first time, a whopping 69 per cent feel that they are satisfied with the workload that has been allocated and has contributed to choose an employer. In the roller coaster of economic turmoil, stability has become the key governing factor for an employee to look at an organisation favourably. Stable and fair organisations, which provide growth opportunities, have topped the charts. Growth opportunities, promotion of diversity and work-life, and ethical and fair practices are the top three factors that set apart the top 25 from the rest, with stability pushing compensation to a distant fifth position. Stable and good governance is what 50 per cent of the employees have given as a reason for their top priority to choose or stay with an organisation.

Employer Brand Important

Another important finding was how corporate brand has regained its importance (something that the 2010 study presented). This year, more respondents considered employer brand to be important than learning opportunity, which was the focus till last year. The impact of a stronger corporate brand was also seen in some sectoral rankings. In automotive, for instance, Tata Motors ranked higher than Mahindra & Mahindra (though by a smaller margin). Some might blame it on the turbulence in the past year, which resulted in employees looking out for brand security, but it is a clear message to employers that corporate and employer brands should be merged together for better results.

Ethical Leadership and Employer Brand

Ethical systems and ethical compliance of senior management has increasingly been the focus of respondents (40 per cent voting that ethical practice is an extremely important factor to make a best company to work for, versus 29 per cent last year). An important connection was also found between ethical compliance and a feeling of pride associated with the employers. The sectors whose respondents rated their companies high on ethical compliance by senior management, were more proud of their companies as well. More than two-thirds of the respondents from the telecom sector, for instance, felt their senior management complies with ethical practices either very well or extremely well. This was the highest among all sectors. For the same sector, the number of respondents who felt proud of their organisation was also the highest (about 85 per cent). Similarly, BPO/KPO/ITES (43 per cent) and software, hardware and IT sectors (44 per cent) ranked the lowest in terms of senior management abiding by an ethical framework. These sectors also ranked lowest amongst all the sectors on the percentage of employees who are proud of their organisation (69 per cent). The ethical compass clearly correlates with the leadership of the organisation. When business combines with fairness and value-based leadership, employees feel more connected, resulting in long-term value creation as well as pride of association. ◆

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GTCP, Haryana has granted License Number 106 & 107 dated 26.12.2013 to the developer, Sarv Realtors Pvt Ltd (100% subsidiary of Supertech Ltd) for Group Housing scheme 27.493 acres. Approved building plans Memo No ZP-957/SD(BS)/2014/8469 dated 30/4/14. Total number of units 2092, total number of EWS units 372. Provision of primary hool, nursery schools, shopping centre, community building. All the approvals can be seen in the office of the developer.

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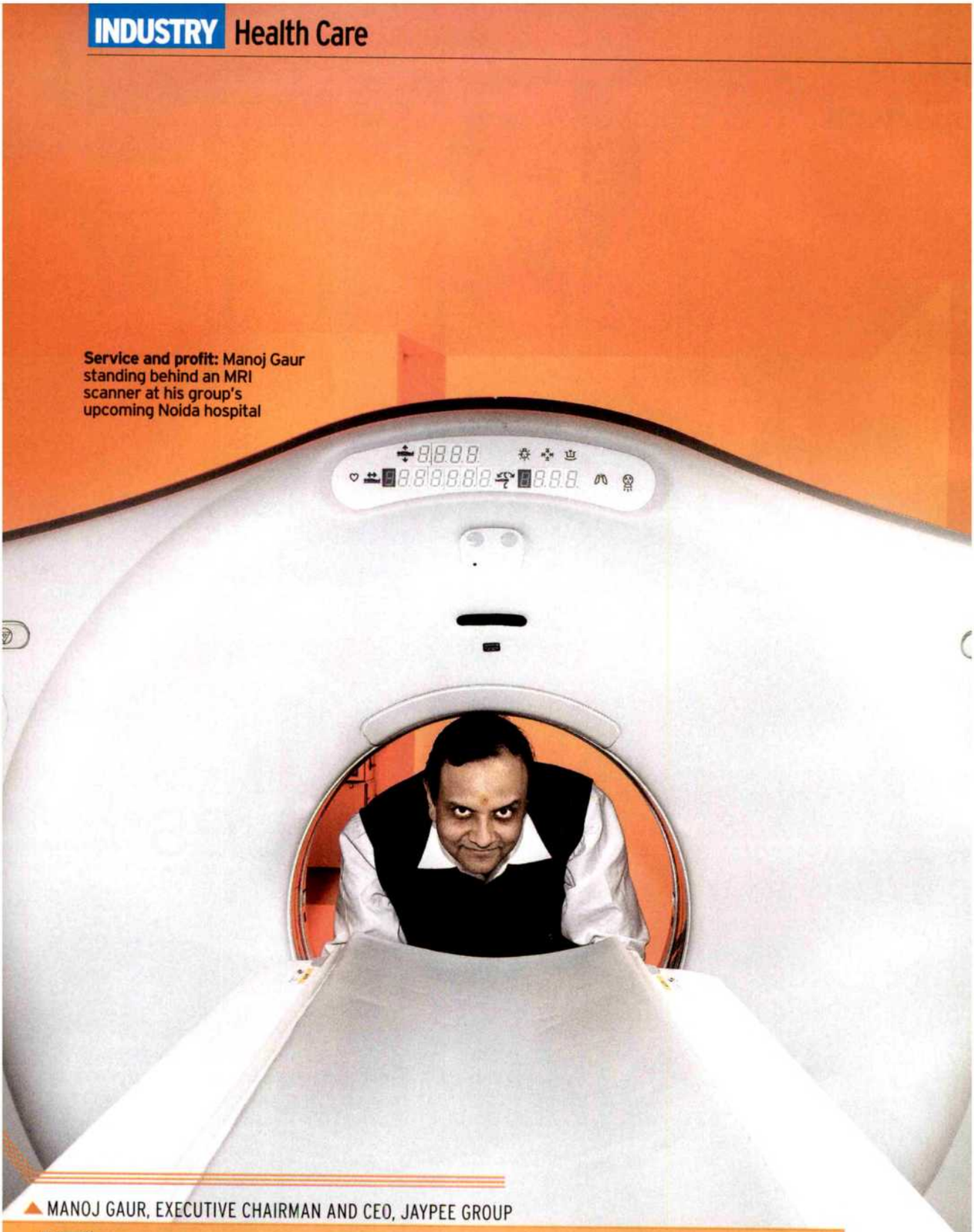


Service and profit: Manoj Gaur standing behind an MRI scanner at his group's upcoming Noida hospital

▲ MANOJ GAUR, EXECUTIVE CHAIRMAN AND CEO, JAYPEE GROUP

"There are many marquee hospitals in Delhi, none in Noida. Hence we are building one"

Healthy Churn

Formidable newcomers enter health care, while established players plan their investments better. By SUNNY SEN

A bust of Dr Bidhan Chandra Roy adorns the lobby of the infrastructure and construction giant Jaypee Group's upcoming hospital in Noida. Dr Roy was a ex-chief minister of West Bengal, as well as a physician of legendary repute, who treated Mahatma Gandhi. Manoj Gaur, Jaypee Group's Executive Chairman and CEO, maintains the hospital will be a tribute to Dr Roy. "We can't forget what a great medical practitioner he was," he says.

The hospital is also the Jaypee Group's first foray into health care. Located in the heart of a 1,200-acre integrated township called Wish Town the group is building in Noida, it will start with 500 beds, increasing to 1,200 in a few years and offer all kinds of super specialties. "There are many marquee hospitals in Delhi, but none in Noida," says Gaur, explaining his decision. With an investment of ₹2,000 crore, Jaypee Hospitals – as the hospital arm is called – is also setting up three more facilities in the nearby towns of Bulandshahr, Agra and Sahibabad. In what will be essentially a hub-and-spoke model, Jaypee plans another 40 health centres too, with 10 to 50 beds each, all of which will plug into the mother hospital at Noida.

The Jaypee initiative is part of a recent rush into private health care, with at least three formidable newcomers entering the sector. The second is IT services major HCL Corporation, which has started HCL Healthcare run by Shikhar Malhotra, HCL founder Shiv Nadar's son-in-law. HCL Healthcare is setting up a chain of 250 clinics, the first two of which have already opened in Gurgaon and Noida, under a subsidiary, HCL Avitas. If medical clinic chains are rare enough in India – most of the 100,000-odd clinics in the country are standalone units – state-of-the-art ones of the sort HCL Avitas is building are almost unheard of. "We want a network of multi-specialty clinics," says Harish Natarajan, CEO, HCL Avitas. To build the network, HCL

PHOTOGRAPHS BY VIVAN MEHRA

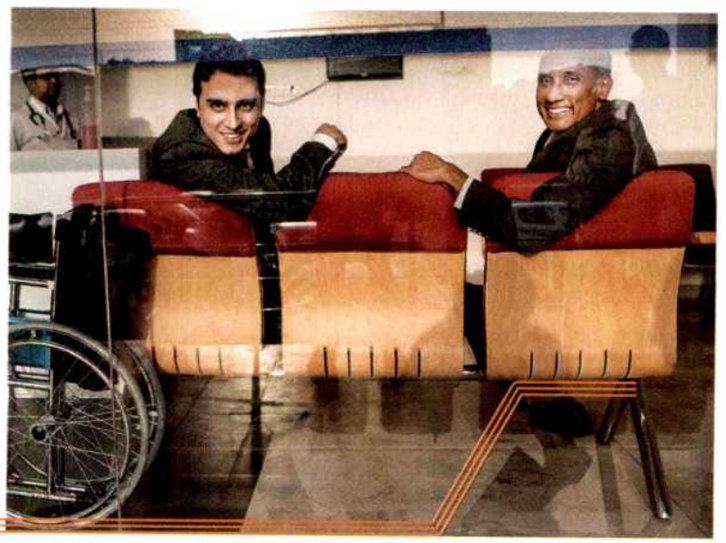
RAHUL KHOSLA, CHAIRMAN, MAX HEALTHCARE, AND MD, MAX GROUP

"Our doctors are able to conduct clinics up to 300 km away, in rural areas, using telemedicine"

has partnered with global health-care leader Johns Hopkins – the clinics will all be connected by video and have a common electronic health record database, so a patient's history can be accessed at any of the clinics as well as by the patient himself over his phone. Malhotra's ambition is to touch 20 million patients by 2020.

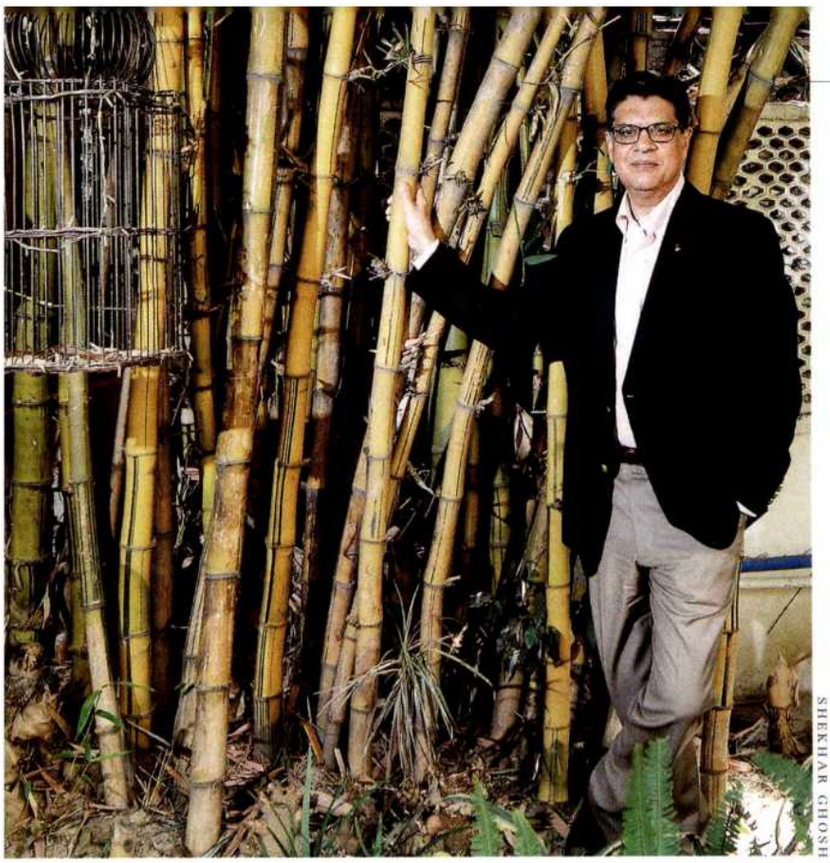
The third entrant is the Burman family, promoters of the Dabur Group, who entered into a 65:35 joint venture with a British agency, HealthCare at Home, in September 2012 to offer precisely that in India – hospital-level facilities at patients' homes. "Often when a patient comes back home from hospital, his/her condition drops," says Vivek Srivastava, CEO, HealthCare at Home. "Our objective is to provide the same level of care as the hospital did inside the house." HealthCare at Home can set up an intensive care unit (ICU) in the patient's house if required, as well as provide services which usually need hospitalisation, such as dialysis or chemotherapy. Srivastava maintains it is actually economical for patients to use his company's services. "Chemotherapy is 10 to 15 per cent cheaper than in hospitals, ICU care as much as 50 per cent cheaper," he says. The company has so far treated over 1,000 patients in Delhi and parts of Haryana, Himachal Pradesh and Punjab.Others,such as Portea Medical are pioneers in this space, too.

Simultaneously, established players in the sector such as the Max Healthcare, the Fortis Group and the Apollo Group are also undergoing changes. Analjit Singh, promoter of Max Healthcare, recently stepped down from the company's board to make Rahul Khosla its Chairman. Khosla is also the managing director of the group. Singh's intent in choosing Khosla, a banker of three decades who joined Max Healthcare just three



SHIKHAR MALHOTRA, HCL HEALTHCARE (LEFT) WITH HARISH NATARAJAN, HCL AVITAS

"The cost of the technology we are installing today can be divided over the 100 clinics we will set up in coming years"



SHEKHAR GHOSH

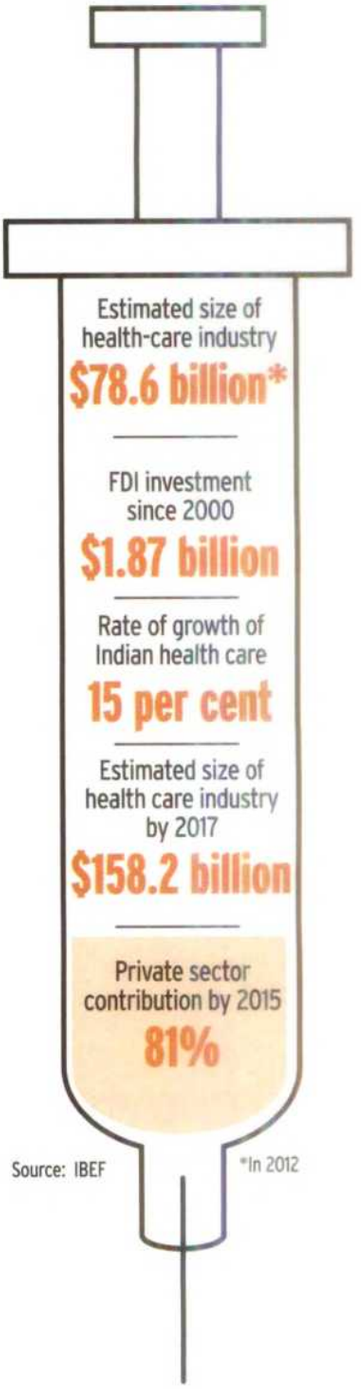
years ago, was to further 'professionalise' the company.

Among the new areas Khosla is focusing on is telemedicine. The infrastructure is already in place in parts of Haryana and Punjab. "We have been in the forefront of deploying technology, starting with electronic health records and more recently enabling outreach where our doctors are able to conduct clinics up to 300 km away, especially in rural areas using telemedicine and imaging technologies," he says.

Another key focus is super specialities. "In addition to traditional specialties like cardiology, we have focused on developing tertiary and quaternary specialties such as oncology, neurosciences, bariatrics, high end orthopaedics, nephrology and gastroenterology."

The Fortis Group too has ventured into a variant of telemedicine – it has been setting up eICUs. Teams of nurses go to small towns and start these units, which are connected to the mother hospitals in a manner that patients can be hospitalised and treated there, with doctors never having to physically visit them. "We started with 10 beds two years back, and now have 150 beds," says Aditya Vij, CEO, Fortis. The company's mainstay hospital business is also expanding, with a target of setting up 500 new beds every year, either at existing facilities or at new ones it will build. Among specialities, it is setting up an oncology centre at its Mohali hospital, and a mother-and-child focused one at its Ludhiana unit, called La Femme. The oldest player in the business, Apollo Hospitals too is investing ₹1,500 crore to expand into Tier-II and III towns.

ON STEROIDS



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▲ ADITYA VIJ, CEO, FORTIS HEALTHCARE

"Profitability was under pressure because of expansion and acquisitions, but now we have built scale and profitability will be back"

The current expansion, however, differs significantly from a similar burst of activity around 10 years back in that it is better planned and targeted. "Hospitals as a business venture should stand on their own feet and be profitable," says Jaypee's Gaur. The heavy investment in technology, for instance, is expected to provide returns for years to come. "The cost of the technology we are installing today can be divided over the 100 clinics we will set up in coming years," says HCL Healthcare's Malhotra. Profit is paramount for the Burmans as well. "The family is putting its wealth into areas which are growing fast and offer opportunity," says Srivastava, explaining the decision to enter the sector.

In the earlier phase, today's established players incurred sizeable debts. Fortis, for instance, acquired the Escorts hospitals and the Wockhardt chain of hospitals, expanding its network to 66 units and making it the largest chain in the country. Fortis's Vij notes that the company has practically cleared its debts by selling off its entire international business, barring a single hospital in Singapore. "Our debt equity ratio is down to 0.2 from 1.7," he says. "Profitability was under pressure because of expansion and acquisition, but now we have built scale and profitability will be back." Apollo has 51 hospitals and Max 10.

In 2013/13, private equity money in health care has gone up 54 per cent to $2 billion a year. More players open up more avenues. In the last 10 years 80 per cent of new bed capacity was built by private players. Still, an additional 650,000 beds are required to cater to the demand, which will require a capital investment of ₹1,62,500 crore by 2017, according to a McKinsey report.

Clearly, no one will eat into another's business. The scope for private health care is immense. New players will only help in building better infrastructure. ◆

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AMBITIOUS PLANS

COMPANY	INVESTING IN	AMOUNT
NEWCOMERS		
Jaypee Healthcare	Hospitals	2,000
HCL Healthcare	Chain of clinics	1,000
Burmans (of Dabur)	Health care at home	250-300
INCUMBENTS		
Apollo Hospitals	Hospitals in Tier-II & III towns	2,250
Fortis	Speciality hospitals, eICUs	3,000-4,000
Max Healthcare	Telemedicine, super specialities	N.A.

Figures in ₹ crore

Source: *BT* Research

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Maharaja of Munch

EXECUTIVE SUMMARY

PepsiCo launched Kurkure 15 years ago and has retained a dominant market share for the brand despite intense competition from both organised and unorganised players. In this period the brand also overcame some challenges including allegations that the snack was unhealthy. The case study looks at how PepsiCo managed to grab and retain the market space.

By SHAMNI PANDE

When it comes to describing the 15-year-old brand Kurkure, the ₹1,000-crore snack-brand of PepsiCo India, the old-timers often talk of luck. One of the members of the founding team, Geetu Verma says, "The birth of Kurkure was part necessity, part serendipity." Currently the Executive Director (food and refreshments) at Hindustan Unilever, Verma had strategised the brand's launch in 1999. The need was to carve out a space as a competitor to *namkeen* and capture the market faster than potato chips. Initially the team's challenge was to differentiate the product in a market where potato chips at ₹300/kg were also a significant premium to the *namkeens*, the traditional Indian salty snack, at ₹100/kg. The luck was in how Kurkure did stunningly well in the market.

Unlike potato chips or *namkeens*, Kurkure offered a different and compelling taste experience thanks to the different technology used to make it. The ingredients are fed into a machine that makes puffed extrusions or collette, which are then cut to desired length. It was a new experience for India and PepsiCo India managed to offer a compelling taste at a competitive price. "We had the same mix as a 200gm bag of *namkeen* for ₹20 but we delivered a bag size that was almost 1.7 times bigger," says Verma. While a local snack of same quantity was of the same price, potato wafers were almost double the price.

Instead of a purely corn-based product, the team came up with a

Kurkure
Kurkure
Masala Munch
Kurkure
Kurkure
Kurkure
Kurkure
Kurkure
Kurkure
₹1,000 cr
Kurkure now commands 60 per cent of the market share in the so-called bridge segment of snacks

STAY WITH CONSUMER LIKES

The market for *namkeen* is huge in India. But the quality of the offering by the local vendors is questionable. Indian consumer associate salty snacks from the global companies to high quality. But these snacks have limited appeal as they prefer spicy snacks. Kurkure has been successful because it offered alternatives that appealed to the Indian consumers' preference for spicy snacks in an innovative form. The packaging too was perceived as high quality. Though the category is competitive, it offers the benefit of easy experimentation.

Kurkure has done well so far. To maintain its dominance, Kurkure must focus on innovations in the marketing mix and address the needs, tastes and behaviour of Indian consumers. Kurkure must continue to come up with new products regularly. Despite growing competition, the Indian market still offers tremendous opportunity that Kurkure can exploit. For example, there are special-occasion snacks and region-specific snacks that Kurkure can offer.

While Kurkure offers products at different prices, the company has not focused much on product packaging. The company could keep distribution challenges and consumer behaviour in sight while developing new packages for its products. For example, it is common for consumers to keep namkeen in large packs and use small quantities when needed. Kurkure could explore re-sealable bags and sell Kurkure (or some version of it) in larger quantities. However, this might require efforts to maintain product integrity.

The Indian market is changing. Consumers prefer products that are healthy and environment-friendly. Packaged snacks are generally not considered healthy. So there is an opportunity to create value for consumers in new ways. Perhaps new product formulations and/or environment-friendly packs can be used to enter new and growing segments. Overall, the company can maintain its leadership through innovative new products that maintain the taste and quality parameters.

"Kurkure must continue to come up with new products regularly"

SIDDHARTH SINGH,
Professor of Marketing,
Indian School of Business

spicy flavoured Masala Munch made of lentils, rice and corn. "We were not sure if people would take to the new brand and so we had called it Lehar Kurkure," says Deepika Warrier, Vice President (Marketing), PepsiCo India. Lehar, the Indian partner's brand name, was added to Kurkure for access to local taste and cues. The team's concerns were justified as it was angling for a space between the traditional salty snack and the more western potato wafer. The company called it the 'bridge' category and Kurkure, the 'finger snack'.

Today, the company commands about 60 per cent market share in the 'bridge' category, which is worth ₹1,950 crore. The total market for salty snacks in India is worth ₹13,000 crore and traditional snacks account for ₹5,200 crore. The puffed snack market too is valued at ₹1,950

crore. The potato chips/wafer market is worth ₹3,900 crore where Uncle Chips and PepsiCo's Lays are market leaders.

Hear the crunch

Though Kurkure created a new space in the market, the larger challenge for the company was to get the customers hooked to its unusually shape and crunchy texture. "In fact the brand name Kurkure was the outcome of a group discussion in which consumers sampled the brand and repeatedly said that it was nice and '*kurkura*' (crunchy)," says Dr T.S.R Murali, Head of R&D, PepsiCo India. The first objective was to start consumer trials. "We stuck to the consumer feedbacks and used the advertising line *Kya Karen Control Nahi Hota*," says Warrier.

However, advertising was not the only strategy that the company relied on. While consumer

trials were on, the sales team also launched an orange parade. "I remember being in Chandigarh, which was one of our first launch markets," says an industry veteran. All the three-wheelers carrying the product were painted orange. Almost the entire sales team had assembled in Chandigarh to ensure 100 per cent coverage of outlets in 10 days. Its success led to it being repeated in other regions too. "It was perhaps one of our fastest market placements ever. We knew in the first 30 days itself that there was no looking back," says a former PepsiCo India employee.

The company was relying on communication and also pushing the boundaries of marketing innovations. "They were the first in the segment to start selling *ladis* (string of packs) that we could hang out in our stores," says a shopkeeper. He lauded the company which in 2001 had provided

Kurkure's recent ads. The brand created a new space in the market and succeeded in winning the hearts of customers

racks outside the shops to display the brand.

After the product was established in the market, the phase II plans took off. There was a need to make Kurkure a central part of the tea-time. The company by then had clearly delineated between Lays and Kurkure brands. "We decided early on that it had to be part of the tea-time. It was this irrepressible, loud, desi brand that was affordable. Lays appealed to the youth, was Western in its taste cues and an impulsive out-of-home snack," says Warrier. As part of this, in 2005, the company roped in actor Juhi Chawla as a celebrity brand ambassador. The brand also kept pace with the flavour of the season – teleserials. The tagline '*Kahani Mein Kurkure*' was launched where Chawla spoofed the character of Tulsi in the *Kyunki Saas Bhi Kabhi Bahu Thi* soap and the brand humorously wedged itself into the mainstream.

A CULTURAL BRAND IN MAKING

Today it is important to generate conversations around a brand. When are people most likely to engage in conversations? When they're passionate about something. So if one can hook a brand on to a cause, a conviction, an opinion that people really care about, there is a better chance of creating the highest order of connect through cultural branding. That's what some of the progressive Indian brands are attempting to do and Kurkure alongside Idea and perhaps Tata Tea are a few of the frontrunners.

While cultural brands have a universal prevalence with Coke being perhaps its most iconic example, the flux of the emerging markets works as a more conducive cruicible. Especially the pluralistic societies like ours with strong history and culture, when subjected to high degree of social change simmer with numerous socio-cultural tensions. Examples of it are many. Unassisted nuclear family parenting in competitive high growth societies has turned hyper and is causing substantial parent-child relationship trauma. An apt Kurkure Ambassador Juhi wears a defiant mask in a parent-teacher meeting to ward off the critical comments of a hyper teacher and defends her '*tedha*' child. Don't we all feel like defending our overburdened little ones succumbing to needless competition?

Or for that sake the conflict of swarthy Indian maleness suffocating under the borrowed cloak of metrosexuality. Once again a less than coy Kurkure Ambassador defies her extra choosy dad by voicing her endosrement of a cute but crude prospective '*tedha*' groom. The embracing of the unusual and the imperfect as a brand philosophy seems to be an opportunity. This is a wonderful possibility for a brand like Kurkure that has its genesis in its innovation as a 'bridge product'. The highlighting of the demand driver of crispness in its sound and layering the product uniqueness at a brand level through the spicily defiant '*tedhapan*' is indeed a remarkable evolution.

"The embracing of the unusual and the imperfect as a brand philosophy seems to be an opportunity"

ASHISH MISHRA,
Managing Director, Interbrand

The *'Kya Family Hai'* campaign tried to capture the dysfunctional family that came together at tea-time.

Party Poopers

In 2007, the company was caught off-guard when ITC Foods launched Bingo. "Their communication was gaining traction and the product caught consumers' attention," says Warrier. PepsiCo started the *Tedha Hai Par Mera Hai* campaign that allowed the company to win back attention of customers from Bingo, which had a variant called *Tedhe Medhe*. There was a minor communication challenge too when the brand switched to *'Kya Family Hai'* campaign. "We thought we might create a more real family if the protagonist wasn't a celebrity like Chawla. So then came the job of telling Chawla that she was not going to be Nikki, the protagonist in our new campaign," says Sonia Bhatnagar, Executive Creative Director, JWT. But that could not be managed. Though Chawla did her role well, the feedback was not satisfactory.

The brand was also embroiled in a controversy in 2008 when allegations surfaced on social media that Kurure contained plastic. "We have countered it in whatever platform it surfaced on. This issue has withered away," says Warrier.

However, many local competitors were mushrooming. Significant among them were Balaji Foods, Yellow Diamond and established brands DFM Foods with Crax brand and Haldiram's and Bikanerwala. Between 2009 and 2011, the number of local players rose from 1,378 to 2,863 and PepsiCo lost two to three per cent market share. The competition forced it to be innovative again. Around 2005, the brand had begun widening its consumption base in a manner similar to that of Cadbury's ad campaign through which it tried to put itself in place of traditional sweets. Kurkure made a similar attempt with its campaign *Meetha Sheetha Chodo, Kurkure Kha Ke Ho Jao Mast*. It also scaled down price to launch ₹3 packs in 2004 and ₹2 packs in 2011. The brand created excitement with its own versions of Desi Beats in 2009. "We used some tactical exercises where we combined our brands and offered attractive discounts," says Warrier.

"We have allowed Lays to take a correction but not Kurkure's. We worked on scaling down the packaging costs while keeping quality intact," she says. Industry sources say Kurkure continues to hold 60 per cent of the market share in the segment. All others such as Bingo, Yellow Diamond, Balaji and Bikanerwala together accounts for less than 25 per cent. "We will continue to take the high road of product innovation and have recently entered the puffed snacks range. There will be regionally strong players and there will be times when some others could come up with something new, but we are not taking off our eyes from the ball," says Warrier.◆

What can we learn from PepsiCo's *marketing strategy for Kurkure? Post your comments at* www.businesstoday.in/casestudy-kurkure. *The best response will win a copy of* **Harvard Business School Pocket Mentor**. *Previous case studies are at* www.businesstoday.in/casestudy

BEST OF THE LOT

BT **receives many responses to its case studies. Below is the best one on Narendra Modi (June 8, 2014)**

Ajay K. Khullar

We can compare the BJP and the Congress as two commercial organisations trying to promote their brands NaMo and RaGa to Indian consumers. NaMo, a brand tried and tested by regional consumers, had delivered in Gujarat and this time offered to replicate Gujarat's success story throughout the country. RaGa had not been launched in the market and thus missed on the opportunity to showcase its capabilities. RaGa was asking for a very high premium without any proof of past performance. NaMo had taken care of its limitation of being a regional brand by covering the length and breadth of the country in a short span and familiarising the consumers with itself. The consumers could no longer say that they have not seen or heard of the regional brand. The NaMo brand had the backing of good strategists, who set the agenda, the points to be discussed during elections and not letting competitors to focus on the negatives. The promotional strategy was well crafted and the consumers were, in adequate measure, exposed to the advertisement through various media options available.

Khullar wins a copy of Harvard Business School Pocket Mentor

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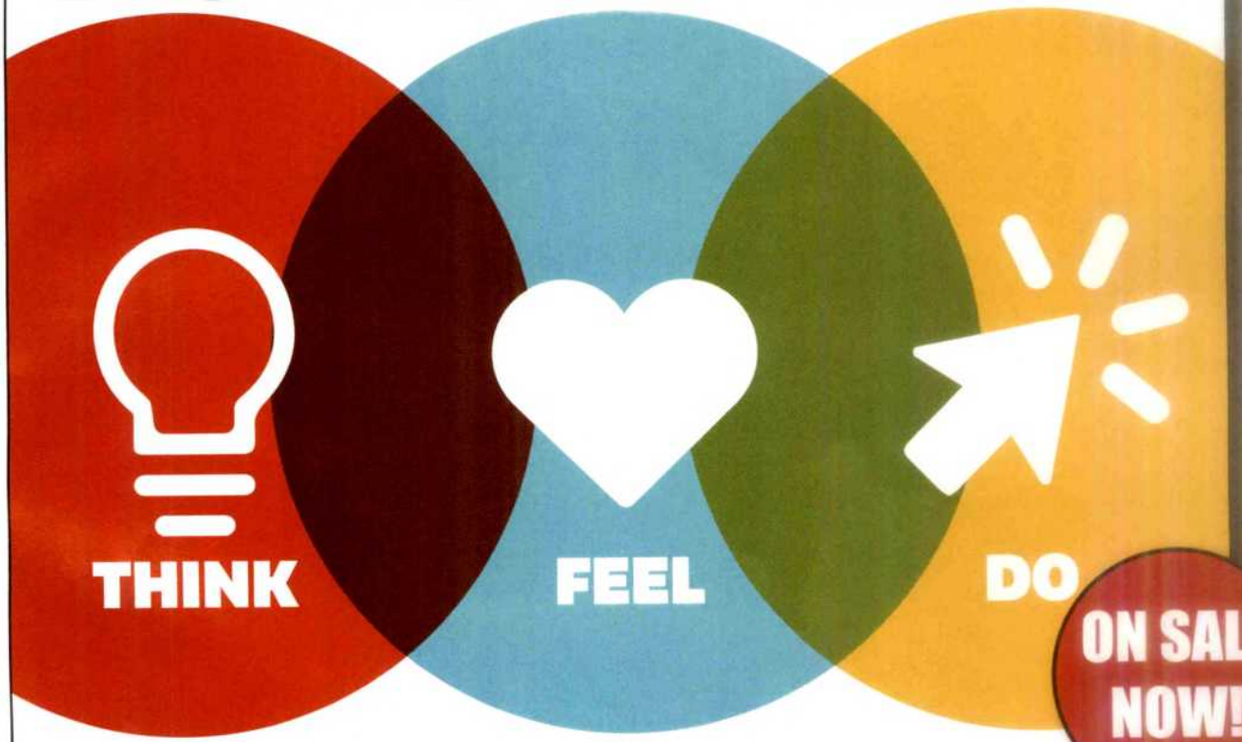

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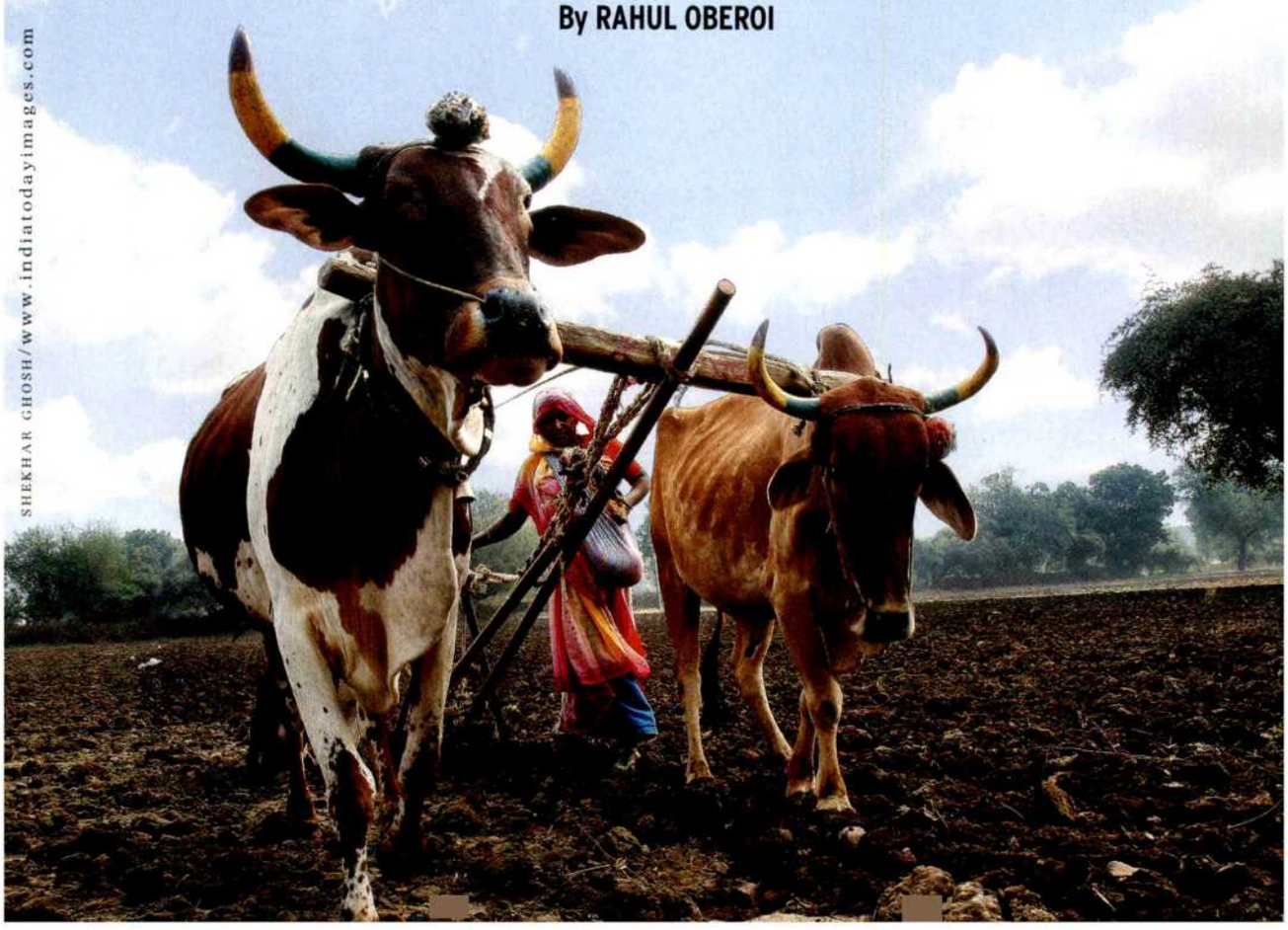
MONSOON FORECASTS FOR THIS YEAR ARE GLOOMY AND THERE IS EVEN POSSIBILITY OF A DROUGHT. HOW CAN YOU GAIN FROM IT?

Staring at a Dry Run

Deficient rainfall will lower production of kharif crops and help investors make decent gains.

By RAHUL OBEROI



SHEKHAR GHOSH/www.indiatodayimages.com

This could be another El Nino year, the weather phenomenon that occurs in the Pacific Ocean, disrupting weather patterns across the globe. In India, El Nino leads to deficit monsoon, even drought, in some years. That's not good news for the country's agriculture sector, which is heavily dependent on good rainfall.

President Pranab Mukherjee, in his address at the Central Hall of Parliament on June 9, also mentioned the likelihood of rainfall deficit. "My government is alert about the possibility of a subnormal monsoon this year and contingency plans are being prepared," he said.

But as a commodity investor, you can take advantage of the resulting shortages pushing up prices. For instance, in 2002/03, when El Nino disrupted the monsoon, castor seed production fell 34 per cent. As a result, its price zoomed 30 per cent during the summer season.

This year too, the output of kharif crops sown in the rainy season may fall. Sowing for the season starts with the first rains in July, when the southwest monsoon hits the country.

Monsoon forecasts for this year are gloomy. The India Meteorological Department (IMD) expects 38 per cent probability that the southwest monsoon will be below normal at 93 per cent of Long Period Average (LPA); also, there is a 33 per cent chance of drought (below 90 per cent of LPA) and a 70 per cent chance of El Nino.

Skymet, a private forecaster, has said there is a 40 per cent probability of the southwest monsoon being below normal, 25 per cent chance of drought and 30 per cent chance of El Nino. The Australian Bureau of Meteorology says there is at least a 70 per cent chance of El Nino occurring this year. Some models have predicted a transition to El Nino as early as July.

Naveen Mathur, Associate Director, Commodities and Currencies, Angel Commodities Broking, says: "Taking into consideration the forecasts by various agencies, we expect that the southwest monsoon will be below normal. And if El Nino is strong, we may face drought."

Kunal Shah, Head, Commodity Research, Nirmal Bang Commodities, concurs. "El Nino, which is expected to develop during July-August, has brought drought concerns," he says.

Setting the Right Price

CASTOR SEED
CMP: 3,908

PALM OIL
CMP: 546

SUGAR
CMP: 3,050

COTTON SEED OIL CAKE
CMP: 1,562

SOYBEAN
CMP: 4,523

CMP is current market price in ₹ as of May 30
Source: NCDEX

What Is El Nino?

El Nino is a weather condition caused by warming of tropical Pacific Ocean which occurs every two to seven years and lasts for about a year on average. It affects wind patterns, causing floods and drought in different parts of the world. Some early signs of El Nino are rise in surface pressure over the Indian Ocean, Indonesia, and Australia, and fall in air pressure over Tahiti and the rest of the central and eastern Pacific Ocean. Trade winds in the south Pacific weaken or head east and warm water spreads from the west Pacific and the Indian Ocean to the east Pacific.

El Nino takes the rain with it, causing extensive drought in the western Pacific and rainfall in the normally dry eastern Pacific. It affects rainfall in India during monsoon. Due to more heating, warm waters at the eastern coast of South America increase sea surface temperatures and result in diversion of flow of moist winds from the Indian Ocean towards the eastern coast of South America. This reduces the amount of rainfall received by the Indian subcontinent.

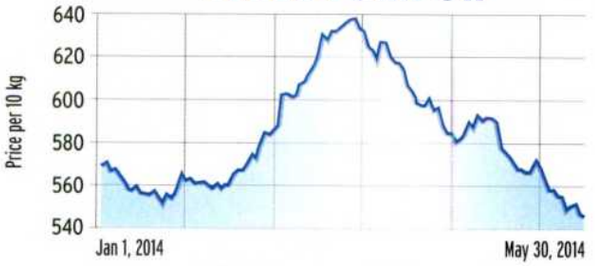
Prerana Desai, Vice President, Research, Kotak Commodity Services, says: "India has got lower-than-normal rainfall in seven out of the last 10 El Nino years."

Impact on Commodities

According to market experts, El Nino is expected to affect kharif output as 55 to 60 per cent of the country's sown area is still rain-fed. In oilseeds, soybean, groundnut and castor seeds may be hit, while among pulses, tur, urad and moong may be the worst affected, apart from sugarcane, cotton and rice. We give you the outlook for kharif crops which are available for trading on the National Commodity and Derivatives Exchange (NCDEX) and can be impacted by below-normal rainfall.

Castor seed: The sowing of castor seed takes place in June to September and harvesting in November to March. Prices were at a record ₹4,664 per quintal in December

Crude Palm Oil



3 MONTH	YTD	Return in percentage
-12.1%	-4%	

WHY BUY

El Nino can hit production and yield, which will result in firm prices. Right now the supply is enough but we need to see the situation at the start of the next crop year

Sugar

3 MONTH	YTD	Return in percentage
10.1%	7%	

WHY BUY

The forecast of below-normal rain this year coupled with a fall in output due to heavy rainfall in Uttar Pradesh last year have been contributing to the rise in prices

Soybean

3 MONTH	YTD	Return in percentage
5.9%	16.4%	

WHY BUY

One factor that has fuelled the rise in prices are concerns over fall in production of oil seeds. Export enquiries have added to the momentum

YTD is year-to-date till May 30; Source: NCDEX

2013 but stabilised as harvesting started and remained low in the first half of 2014. They have fallen 12.17 per cent to ₹3,908.35 per quintal this year till May 30. India accounts for 50 per cent global castor production.

Abhijit Tambe, Senior Research Analyst at WealthRays Securities, says: "A fall in export demand and heavy profit-booking kept prices under pressure in January-May."

Tambe is bullish on castor seed and says: "El Nino can lower production of castor and lead to a rise in prices. Another issue is the impact of El Nino on Brazil, a big contributor to global production."

The major producers are India, China and Brazil. With China consuming most of the castor seed it produces, India is a major exporter. It produced 12.05 lakh tonnes in 2013/14. At present, we have reserves of 12 to 13 lakh tonnes. Annual demand (domestic and for export) is close to 15 lakh tonnes. Thus, supply constraints are likely, pushing up prices.

Production and domestic/export demand indicates a surge in prices. Tambe of WealthRays Securities says: "As prices are speculative in nature, the possibility of El Nino may drive them further up from June. As the monsoon picture becomes clear, some stability can be expected by August. Technically, the long-term trend is bullish, and prices are expected to move to ₹5,000-5,200 per quintal by the end of December."

Sugar: Sugar prices have risen 14 per cent since February due to demand from bulk consumers. Sugar was trading at ₹3,050 per quintal on May 30 as against ₹2,656 per quintal on February 1.

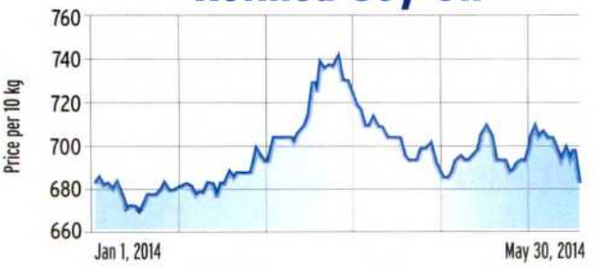
Rohit Gadia, Founder and CEO, CapitalVia Global Research, says: "The forecast of below-normal rain this year coupled with a fall in output due to heavy rainfall in Uttar Pradesh last year contributed to the rise in prices. Some crop was damaged by a disease called 'white crop'. Technically, sugar broke its major resistance level of ₹2,850 per quintal in March, and has been trading above that since then."

The delay in payments by sugar factories also discouraged farmers from increasing acreage. Sale to producers of alternative sweeteners to make way for sowing of wheat due to late start of production by sugar mills supported the upward movement. The government also notified an incentive of ₹3,300 per tonne for exports in March 2014.

Well-distributed rainfall from June to September is required for good growth of the crop. This is the active growth period for sugarcane when rainfall encourages rapid growth, elongation and inter-node formation. Experts say that El Nino may reduce the production of sugarcane, causing a spike in prices. Other factors that may support prices are zero addition to Brazil's milling capacity, forecast of strong demand and fall in area under sugarcane in Russia and Ukraine.

Gadia of CapitalVia Global Research says:

Refined Soy Oil

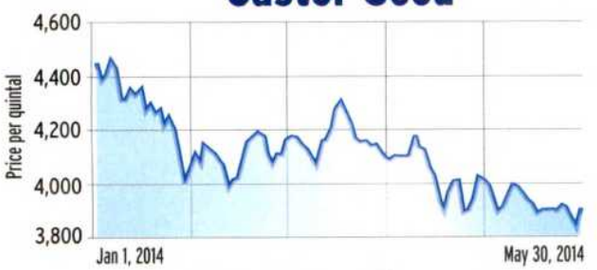


3 MONTH	YTD	Return in percentage
-4.4%	0%	

WHY BUY

We may see a fall in yield, which will lead to lower availability of soybean. This, in turn, will lead to a rise in prices of refined soy oil

Castor Seed

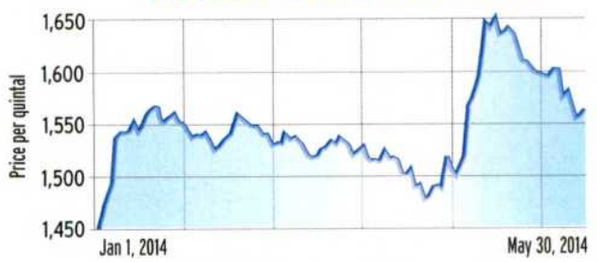


3 MONTH	YTD	Return in percentage
-4%	-12.2%	

WHY BUY

El Nino can lower production of castor and lead to a rise in prices. Another issue is the impact of El Nino on Brazil, a big contributor to the global production

Cotton Seed Oil Cake



3 MONTH	YTD	Return in percentage
2.9%	7.7%	

WHY BUY

Delayed monsoon can create a significant bullish trend for practically all agri commodities but will have the maximum impact on kharif crops that are sown in June

YTD is year-to-date till May 30; Source: NCDEX

"Technically, sugar is weak on the charts for the short term. In three to six months we expect a fall in prices. It is sustaining below its major resistance of ₹3,100 per quintal. We expect prices to come down to ₹2,900 per quintal, which will be a very strong level for the commodity. There may be a bounce in the long term. Till the end of the year, we expect prices to go up to ₹3,250 per quintal and thereafter to ₹3,600."

Cotton seed oil cake: When cotton seed is crushed for extraction of oil, the by-product which remains after extraction is called cotton seed oil cake. It is mainly used as cattle feed.

Buoyed by strong demand, prices of cotton seed oil cake rose 13 per cent to ₹1,645 per quintal this year till April 30. However, after that, prices fell five per cent; they were at ₹1,562.5 per quintal on May 30 on the NCDEX.

Ajitesh Mullick, AVP, Retail Research, Religare Commodities, says: "Robust demand in December and January kept prices firm. The prospect of a poor monsoon, however, supported the sentiment. Prices again touched a high of ₹1,600 per quintal by the end of April this year. But a fall in demand for both cotton and cotton seed oil cakes put prices under pressure again."

Experts say sowing of cotton is expected to start from June, and the progress of monsoon is critical in determining the short- to medium-term price trends. Late arrival of monsoon will delay sowing and lower productivity.

"Delayed monsoon can create a significant bullish trend for practically all farm commodities but will have the maximum impact on kharif crops sown in June. Till December, support is at ₹1,450-1,470 per quintal. Resistance is at ₹1,700-1,750 per quintal," says Mullick.

Soybean: Since the start of 2014, soybean prices have risen 16 per cent to ₹4,523 per quintal. During the period, they touched a high of ₹4,863 per quintal on May 7.

D.K. Aggarwal, Chairman and Managing Director, SMC Investments and Advisors, says: "Factors that fuelled this bullish momentum were concerns that production of oil seeds may fall in the next season if the country receives less rainfall. On the demand side, steady export enquiries from Iran, South Korea and Thailand have added to the momentum."

In the international market, US soybean prices climbed to the highest level in more than 10 months after a report showed record demand from US mills, boosting concerns that supplies from the world's second-biggest exporter would be reduced.

Data compiled by the Ministry of Agriculture showed that India requires 342,906 tonnes quality hybrid soybean seeds for the 2014 kharif sowing season. Availability is 273,289 tonnes. The shortage may affect India's soybean output.

In the 35th All India Rabi Seminar of Oilseeds, Oil Trade & Industry held in March, the estimate of soybean

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"EL NINO, WHICH IS EXPECTED TO DEVELOP DURING JULY-AUGUST, HAS BROUGHT CONCERNS OF DROUGHT IN INDIA"

KUNAL SHAH, Head, Commodity Research, Nirmal Bang Commodities

crop and availability from the kharif crop in 2013/14 was pegged at 102.30 lakh tonnes as compared to 107 lakh tonnes in 2012/13. The marketable surplus for crushing has been estimated at 89.80 lakh tonnes as compared to 97 lakh tonnes in 2012/13.

Aggarwal of SMC Investments and Advisors is bullish on the commodity and says: "In the long term, the counter may continue to find support above ₹4,200 per quintal. The gains may get extended towards ₹5,000 per quintal by the end of December. The fundamental factor supporting the positive sentiment will possibly be concerns over the shortage of soybean seeds."

Refined soy oil: Refined soy oil prices in the Mumbai spot market have risen 1.15 per cent since the start of the current year, tracking a sharp rise in prices of soybean.

Mathur of Angel Commodities Broking says: "We may see a fall in yield, which will lead to lower availability of soybean. Lower availability, in turn, will lead to a rise in prices of refined soy oil. We expect refined soy oil to trade in a range of ₹625 per 10 kg to ₹760 per 10 kg till the end of the year. Prices are likely to remain on a high till the third quarter of 2014 due to tight supply. Prices will also take cue from factors such as the onset of monsoon, sowing progress as well as condition of the soybean crop, and withdrawal of monsoon. However, prices may start declining once the new crop enters the market after the beginning of the fourth quarter. Movement in the Indian rupee will also be an important factor."

Crude palm oil: Since March 11, the prices of crude palm oil have plunged 14.3 per cent to ₹546 per 10 kg on the NCDEX.

Crude palm oil price at the Bursa Malaysia Derivatives Exchange fell to a five-month low due to lower exports from Malaysia despite festival season demand and strengthening of the ringgit against the dollar.

Tarun Satsangi, Head, Commodity and Currency Research, Globe Commodities, says: "Crude palm oil prices have been falling since the start of this year on account of high global production, subdued demand from consuming nations, expanding stocks in Malaysia and Indonesia and firm Malaysian ringgit, making exports uncompetitive."

El Nino may hit rains at the world's two largest palm oil producers – Indonesia and Malaysia.

Satsangi of Globe Capital says: "El Nino can hit production and yield, which will result in firm prices next year. Right now the supply is enough but we need to see the situation at the start of the next crop year. If production figures for 2014/15 remain robust, prices will soften five to seven per cent, but any disappointment in production numbers will trigger a rally and in that case prices are going to rise, probably by similar percentage points."

Vibhu Ratnadhara, Assistant Vice President, Commodities, Bonanza Commodity Brokers, says: "July-September 2014 is a very important period for the crop. El Nino will definitely hurt palm production next year as damage to the fruits will show its results from October this year. Domestic crude palm oil prices largely depend on rupee movement and monsoon." ◆

Courtesy: *Money Today*

70%

is the likelihood of El Nino affecting this year's monsoon, according to the India Meteorological Department

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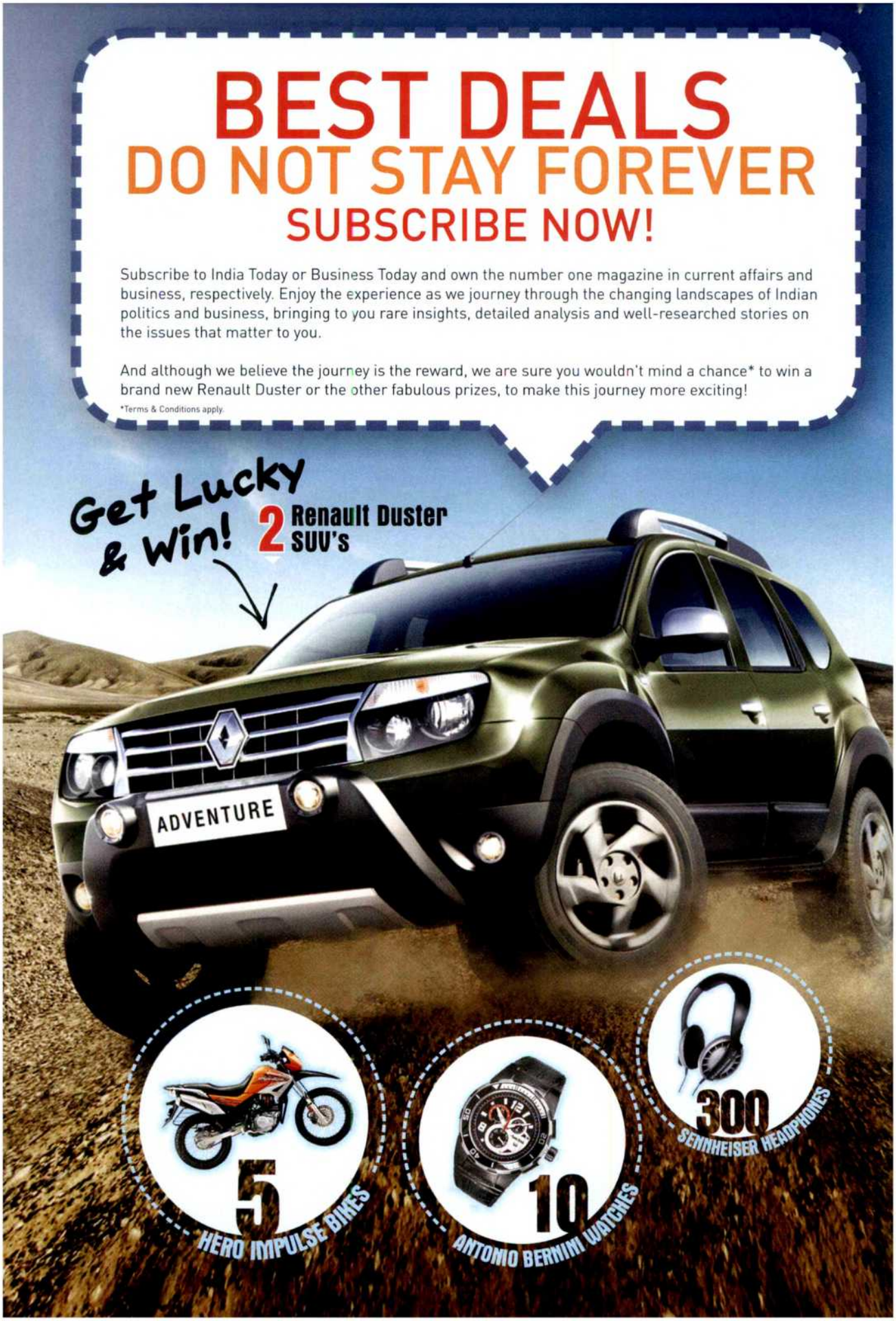

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CUSTOMISED CARE

Companies are tailoring their HR policies to meet specific needs of different age groups.

By ARUNIMA MISHRA

The average age of managers at JK Tyre's Chennai plant is 23. The engineers are also just as young. It was a deliberate decision of the management to appoint a large number of young people in key positions at this plant. Managers and engineers were selected, one of every eight applicants, six months before the plant started in February 2012. "It was done to give young people in our company a sense of empowerment and make them feel they belong," says Vijay Deshpande, Vice President and Head of HR, JK Tyre & Industries. "They get a leadership profile at a young age, learn to take instant decisions and feel in charge." To prepare them for their task, the chosen young people were also given behavioural training on how to deal with other age groups, as well as on-the-job training at other JK Tyre plants.

Yet another policy across the entire company, called "Krishna-Arjuna" has every promising young person pairing with a senior colleague, who mentors him/her, preparing the young person for middle- and senior-level responsibilities. A third policy is that of regularly sending young performers to Germany to visit vendors who supply some of JK Tyre's machinery. Notably, senior employees, who are usually less enthusiastic about travelling, get cash rewards instead for doing well.

JK Tyre is not the only one. Increasingly, companies are realising that different HR policies need to be designed to attract and incentivise different age groups, and the youth in particular. Fast-moving consumer goods major Dabur India, for instance, no longer insists as it did before, that if two fellow employees get

23yrs

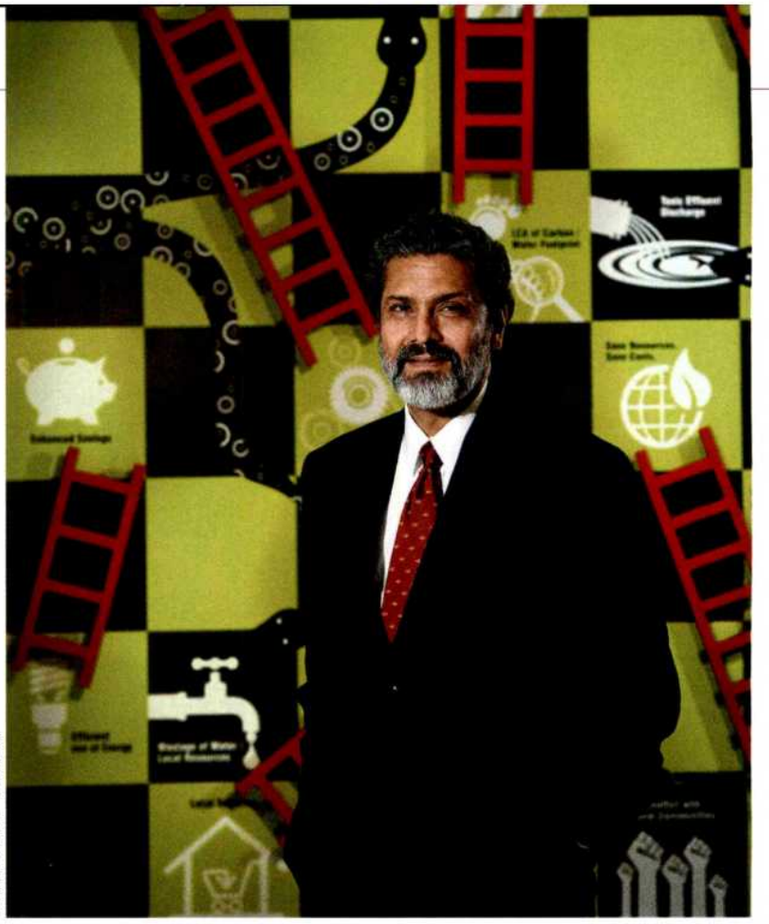
Average age of managers at JK Tyre's Chennai factory

Careful nurturing: Young employees at JK Tyre's product development centre in Faridabad. The company has HR policies designed to make young people feel cared for and empowered

SHEKHAR GHOSH/www.indiatodayimages.com

"We have a council which focuses on talent rotation across businesses, locations and functions"

RAJEEV DUBEY
President (Group HR, Corporate Services & After Market), M&M



NISHIKANT GAMRE

married, one of them must quit the organisation. "Now they can continue working at Dabur as long as they report to different bosses," says V. Krishnan, Executive Vice President-HR, Dabur India. The company also provides young employees not only maternity but also paternity leave. Again, for its frontline sales force, most of whom are young and usually travel a good deal on two-wheelers, it provides higher insurance cover than for others. What about older employees? Senior managers get club memberships which junior ones do not.

At mobile ad company InMobi, employees – most of whom are young – are allowed to set their own goals and work towards them, sticking to a timeline which, too, they lay down for themselves. They know that in three years since they joined, or by December 2016, whichever is later, the company will reward them a Harley-Davidson bike. At clothing and accessories company Bestseller Retail's India unit, entry-level employees get daily cash incentives for meeting their targets. Mid- and senior-level managers do not – they get the usual variable pay component in full once a year for performing well. "Young people will not wait a whole year to be rewarded," says Ashish Kumar, Chief People Officer at Bestseller Retail. "We worked out this initiative after looking at their needs. For some, the total incentive earned per month works out higher than their salaries." Rajesh Shetty, Senior Consultant, Acumen Business Consulting, agrees. "At many companies, if young managers serve three years, they get travel rewards while in some other companies, senior managers fulfilling certain goals get gold coins as reward," he says. Some companies also offer young employees a "dating allowance" for doing well, while older ones exceeding expectations get consumer durables or holiday packages.

Where health is concerned, however, the scenario is reversed – it is the seniors whose health more often lets them down and thus need to take greater care. So L'Oreal India has health insurance schemes for senior managers, which allow them unlimited medical reimbursement. Other companies, too, have generous health policies for the older lot. "All members of my family are covered under my company's Mediclaim policy. I personally have an insurance cover of ₹5 lakh

Changing Outlook

The worldview of different generations of employees

GROUP	ATTITUDE	LEADERSHIP APPROACH
Traditionalists (those close to retirement)	Practical	Hierarchical
Baby boomers (those born before 1964)	Optimistic	Consensual
Gen X (those born between mid-1960s and mid-1980s)	Sceptical	Competence is key
Gen Y (those born after mid-1980s)	Hopeful	All pulling together

Source: IBM

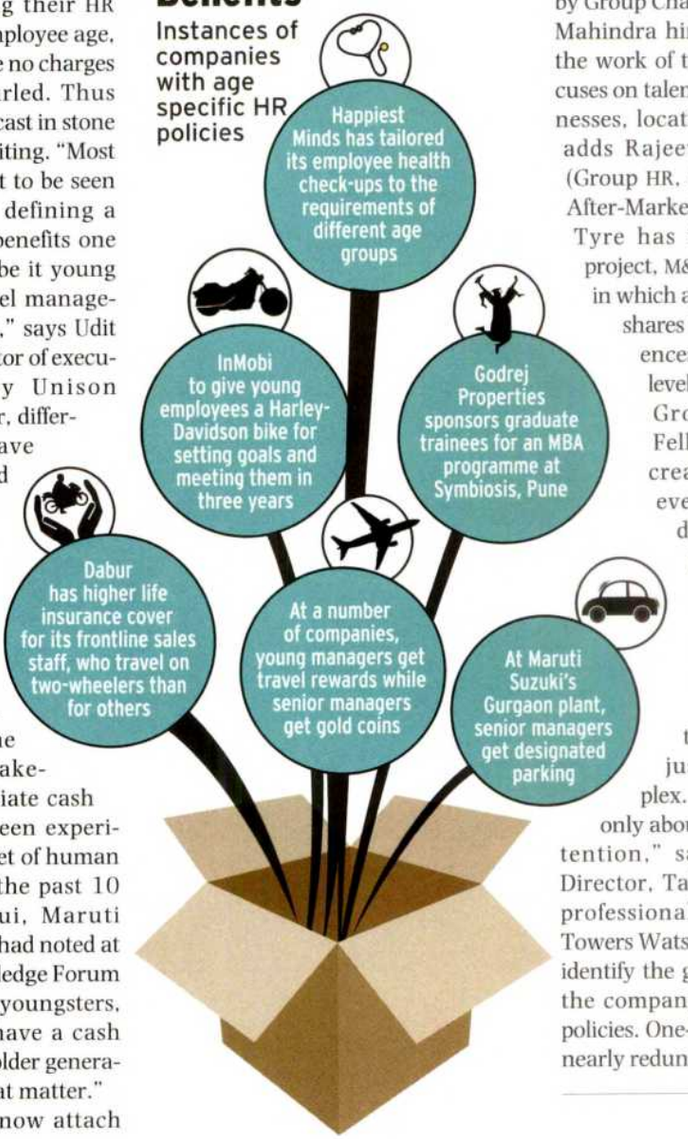
paid for by the company, and I am also allowed to increase the upper limit by paying a subsidised premium," says Amitabh Prasad, 41, General Manager, Marketing, JK Tyre. Some companies are working on making the mandatory health check-up for employees different for different age groups – thus, it may be just a few blood tests for young people, but older ones have to undergo a full body scan. "We have tailored our health check-ups according to the requirements of the employee," says Raja Shanmugam, Co-founder, President and Chief People Officer, at tech company Happiest Minds.

Companies varying their HR policies according to employee age, however, have to ensure no charges of favouritism are hurled. Thus such policies are rarely cast in stone or even put down in writing. "Most companies do not want to be seen as discriminatory by defining a policy that obviously benefits one particular age group, be it young millennials or mid-level management or senior leaders," says Udit Mittal, Managing Director of executive search agency Unison International. However, different age groups do have different priorities and companies have begun to recognise this. Employees above 40 look for financial security and work-life balance – employee stock options, easy home loans, flexi-hours, etc – while the young want more take-home pay and immediate cash benefits. "We have been experimenting with a bouquet of human resource policies for the past 10 years," S.Y. Siddiqui, Maruti Suzuki's Chief Mentor, had noted at *Business Today*'s Knowledge Forum earlier this year. "For youngsters, compensation must have a cash element, while for the older generation it's the benefits that matter."

Many companies now attach increasing importance to training programmes as well, particularly for young employees. "We have a tie-up with Symbiosis Institute of Business Management, Pune, for general MBA programmes for the graduate trainees we hire," says Milind Apte, Executive Vice President, HR, Godrej Properties. "The entire cost is borne by the company. We do charge such employees a negligible amount but that, too, is reimbursed if they stay with us for more than two years. We also have a tie-up with IIT Bombay for trainees with a technical background." Many other companies have similar arrangements with different institutes, while some, like JK Tyre, have different training programmes for different age groups.

Out-of-the-box Benefits

Instances of companies with age specific HR policies



Others have programmes in-house. Mahindra & Mahindra, for instance, has a talent management process, started in 2004, consisting of a network of business and functional councils that address questions of skill and competency creation and succession planning for strategic business units. "There is also an Apex Talent Council, chaired by Group Chairman and MD Anand Mahindra himself, which collates the work of these councils and focuses on talent rotation across businesses, locations and functions," adds Rajeev Dubey, President (Group HR, Corporate Services & After-Market), at M&M. Just as JK Tyre has its Krishna-Arjuna project, M&M has 'Fireside Chat', in which a senior leader candidly shares his professional experiences with 18 to 20 mid-level managers. The Godrej Group has a 'Godrej Fellows' programme to create future leaders – every year, it selects a dozen exceptional employees across companies and functions as 'Godrej Fellows' giving them challenging tasks.

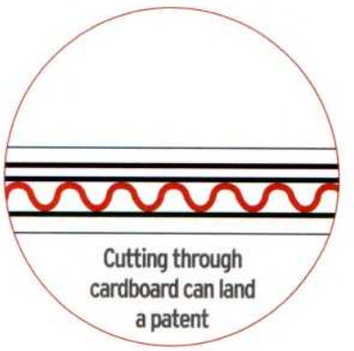
Overall, the task of the HR manager has just grown more complex. "Earlier, it used to be only about hiring and talent retention," says Subeer Bakshi, Director, Talent and Rewards at professional services company, Towers Watson. "Now the task is to identify the generational groups in the company and design specific policies. One-size-fits-all policies are nearly redundant." ◆

@Mishra_Arunima

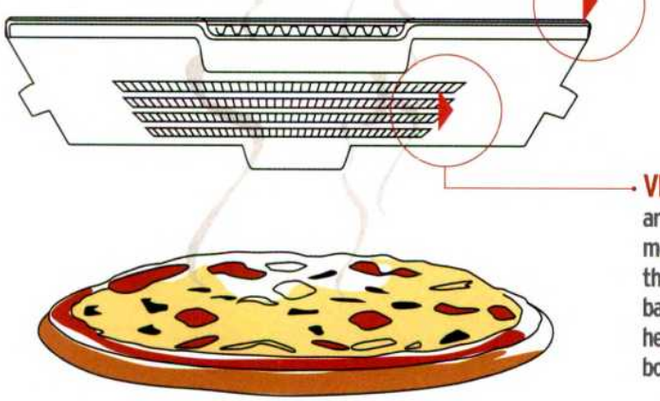
VENTiT

Boxes That Allow Warm But Not Soggy Pizzas

Pizza boxes face a twin challenge: how to keep the pizzas warm but let the steam out so they don't get soggy. A Mumbai businessman found an elegant solution that has been patented in over 70 countries. Familiar with corrugated cardboard which is used in pizza box packaging and none too pleased with the state of his pizza, he simply used a Swiss knife to gouge out, in strips, the upper and bottom layers of the cardboard. By doing so, he allowed the box to breathe while still preventing contamination.

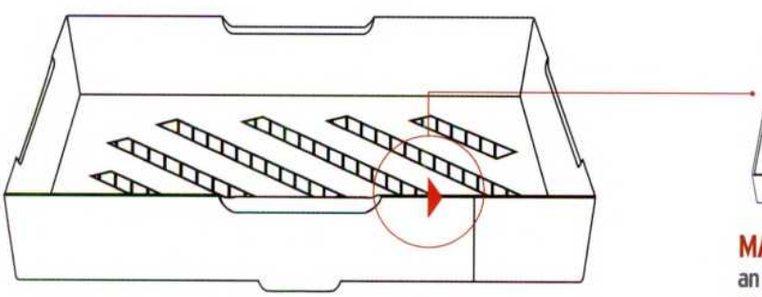


Cutting through cardboard can land a patent



CORRUGATED CARDBOARD: Has a ridged layer between sheets. VENTiT design simply cuts the sheets to expose the material inside. This layer allows the steam out while the box stays uncontaminated. The peaks in the ridged layer become an insulating channel, while the valleys become the ventilating channel.

VENT LOCATION: In a conventional pizza box, there are two holes at the back but they are not effective means for ventilation. By the time the steam gets out, the cycle of condensation has occurred: the water falls back on the pizza, making it soggy and absorbing its heat. In VENTiT boxes, the vent location is at the top and bottom, the way the steam actually travels.



MARGINAL COST: VENTiT's design just adds an extra step to the manufacturing process where a layer is cut. The company has patented this part of the process. It increases cost by less than 10 per cent per box.

Video interview with Scott Wiener at www.businesstoday.in/pizza-wiener

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1 BACKSTORY

Vinay Mehta is a long-time Reliance Industries food vendor, whose family was into the manufacturing of corrugated boxes since 1977. As Mehta says, he had been dissatisfied with the state of his pizza packaging for a while, and being in the business, thought a solution should be found. So, on an early Sunday morning in 2006, while travelling on the expressway from Mumbai to Pune, he simply took out a Swiss knife and cut the upper and lower parts of the box in strips to let it breathe.

2 SYSTEM

Is integrated into the corrugated cardboard which is made of three layers. Steam flows out from the top and bottom, but the ridges keep the box uncontaminated, insulated and heated.

3 BREAKING OUT

Mehta had to wait till 2011 to get patents for his product. The box design became known to the larger world through Scott Wiener, a Brooklyn Pizza enthusiast, who holds a record collection of pizza boxes. After Wiener wrote in his book *Viva La Pizza!* that VENTiT's was the world's best-designed pizza box, media caught hold of it and the box received publicity in the US. Mehta has an autographed copy of the book.

4 LEARNING CURVE

Having been a vendor for more than 30 years, Mehta says he knows the angst that disrupting the supply chain can cause. It's also a good business strategy to keep the chain intact. He wants to license his technology rather than manufacture the boxes himself. In fact, his patent is primarily for the process of cutting the corrugated cardboard strips as a manufacturing step.

"I did not think out of the box, I thought through and through the box"

VINAY MEHTA
Founder, VENTiT

5 PLATFORM PITCH

Pizza boxes are just one of the items with the steam/soggy problem. VENTiT's packaging can be used for a large number of food items. VENTiT already has clients for items like *paranthas*, French fries and grilled sandwiches. More generally, the concept can be used for cold storage of fruits such as mangoes, and in areas of floriculture and agriculture.

Aluminium and poly takeaway container lids | Wrapbox | Serving tray

6 FUTURE PLANS

Mehta returned earlier this year from a business conference in Las Vegas where he was already well-known because of a viral Yahoo! video, but it isn't clear what deals he has cut. At the moment, he is looking for production partners in the countries he has patents in. ◆

VIRAT MARKANDEYA

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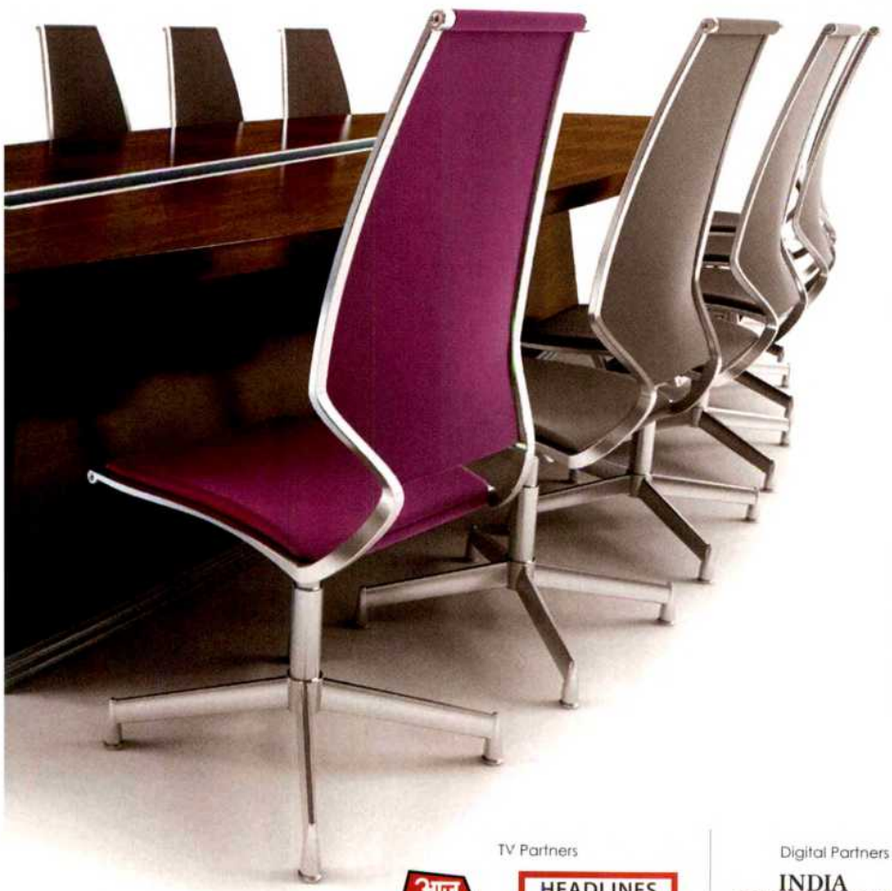

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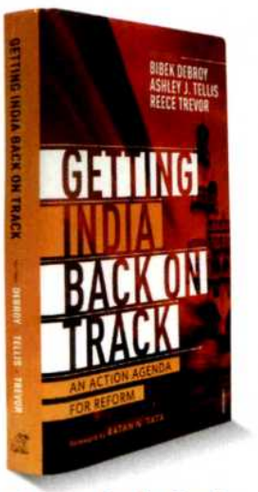
Rejuvenating India

Leading minds offer insights into the problems facing the country and their possible solutions



Getting India Back on Track: An Action Agenda for Reform

Edited by Bibek Debroy, Ashley J. Tellis, Reece Trevor

Random House India

Pages: 320; Price: ₹499

The Indian elephant has strayed from its growth path. The euphoria that lasted for several years after the economic reforms in 1991 has slowly died down. The elephant's once steady and sure-footed advance has given way to an uncertain wobble. Sagging growth and near-abandoned reforms for the past several years means a lot has to be fixed. So, what should the new government do?

Getting India Back on Track lays out the challenges before the National Democratic Alliance government and possible ways of meeting them. The book doesn't limit itself to the economy. It provides insights from 22 top minds into the ills plaguing diverse areas of the Indian polity, such as foreign policy, defence, administrative reforms, environment, and discusses policy actions needed to get the country going again.

While things could have been better, there is no cause for despair. If right steps are taken, the country can build on its existing foundation and acquire a stronger foothold on the world stage. As leading foreign policy analyst C. Raja Mohan says, while discussing the foreign policy agenda: "India today is a very different beast. As the world's 10th-largest economy (in real terms at the end of 2013) and the ninth-largest spender on defence, India has all the attributes of a major power in the making." He points out that a strong economy is a must even for better conduct of foreign policy. "The most important priority for the new government is undoubtedly the revival of India's economic growth. An emphasis on 'economy first' by the new government will have significant benefits in the conduct of foreign policy."

So, what can be done to put the economy back on the high growth trajectory? A lot! "Until India reforms its fiscal, financial, and monetary policy frameworks, macroeconomic and financial uncertainty will only worsen," writes economist Ila Patnaik and currently Principal Economic Advisor in the Union Ministry of Finance.

Manufacturing is in the doldrums. As economist Rajiv Kumar says: "In the absence of a well-conceived policy response (to the falling growth rate), it can be reasonably concluded that the manufacturing sector in India is either already in a major crisis or will soon descend into one." Kumar advocates easier entry and exit norms for companies. He points out that the average time taken for exiting a business, according to the World Bank's *Doing Business* survey, is at present a "horrendous" 10 years.

According to Bibek Debroy, adding to the troubles is the slack administrative machinery. "Administrative deficit may not be talked about as much as fiscal and other deficits. But without it being corrected, growth and investments will not pick up."

Environmental issues could lead to mass protests, feels TERI's Ligia Noronha. "The next big items on the electoral agenda after corruption will be environment quality, action on climate change and environmental justice. These issues are just waiting to spill on to the roads."

The book is packed with information that could provide valuable inputs for policymaking. It could also be a ready reckoner for anyone who wants to study India's policy framework and know the status of the economy. The problems are evident to most, the solutions are not. And many problems and their solutions are very specific to this country. As Ashley J. Tellis says in another context: "However confusing that (the Indian) reality might be to the outside world, it is authentically and indisputably Indian." ◆

SARBAJEET K. SEN

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Location: Chennai
Job ID: 15333620
Description: Responsible for targets by region and by partner and overall P & L derived out of partner engagement.

Vitasta Consulting Private Limited
Manager International Business
Location: Mumbai
Job ID: 15427799
Description: Excellent communicatior writing skills are a must - - Flexibility adaptability to work in demanding, paced environment.

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Hallmark Global Technologies Limit
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Description: Build and execute a campaign plan from the perspective of Generation.

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Description: Work with and expand current prospect database within specified business sectors to generate effective leads & exceed sales targets for the business.

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Akshay Software Technologies
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Location: Mumbai
Job ID: 15383271
Description: 8-15 yrs of experience in Capital Market /Mutual Fund Business. Last 3-4 yrs should have been leading teams.

Boeing
Financial & Accounts Analyst
Location: New Delhi
Job ID: 15280440
Description: Execute internal controls and ensure oversight as it pertains to company financial policies and regulations.

Williams Lea India Private Limited
Manager - Finance
Location: Chennai
Job ID: 15432606
Description: Chartered Accountant with good academic track record.

Ikya Human Capital Solutions Private Limited
Finance Fresher
Location: Bengaluru / Bangalore
Job ID: 15432276
Description: Must be able to adapt to assignments quickly, Ability to manage multiple tasks under pressure.

IntraSoft Technologies Limited
Accounts Payable- Specialist
Location: Kolkata
Job ID: 15430945
Description: Responsible for the day to day financial functions of ITL.

Fujitsu Consulting India Private Limited
Accounts Payable
Location: Pune
Job ID: 15355462
Description: The candidate must have actually been involved in accounting and validating the invoices booked.

Quotient Consultancy
Associate- Banking
Location: Mumbai
Job ID: 15435227
Description: B.Com fresher with Diploma in Banking, Should have good communication Skills.

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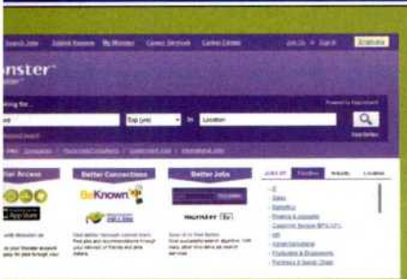

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Pushing the Boundaries

PRASOON JOSHI, adman, lyricist, and Executive Chairman and CEO at McCann Worldgroup, has added yet another feather to his cap. He recently became the first Asian to head the coveted Titanium jury at the Cannes Advertising Festival. So, what does it take to win a Titanium? "Anything that pushes the boundary," says Joshi. "It could even be an existing medium, but it should challenge thinking." He cites the example of Dentsu Japan's *Sound of Honda* campaign, which won the Titanium Grand Prix for 2014 at the Cannes Lions Festival of Creativity. "They took the sounds of that race (1989 F1 Japanese Grand Prix) and recreated that race 20 years later. Converting data into emotions was an innovative way of thinking." According to Joshi, the horizons of advertising are changing rapidly. "Earlier, it was all about awarding a print or TV campaign. One could never imagine ideas such as the Honda campaign making it to award shows."

AJITA SHASHIDHAR

Prasoon Joshi
Executive Chairman & CEO, McCann Worldgroup

RACHIT GOSWAMI/www.indiatodayimages.com

M&M Calling

Having served as President and CEO of GE Capital in India since 2009, **ANISH SHAH** will now join Mahindra & Mahindra as President, Special Projects, and board member on August 1. Shah's most recent achievement involved the turnaround of GE's SBI Card joint venture, which is now the third-largest credit card issuer in the country. Prior to the 14 years he spent at GE, Shah worked with Bank of America and Bain & Company. His first job was as an Assistant Manager with Citibank in Mumbai, where he issued bank guarantees and letters of credit. While the details of his exact role at M&M aren't clear, Shah's vast experience in finance and launching new products will definitely come in handy when he takes up his new job.

SUPROTIP GHOSH

Anish Shah
President-designate, Special Projects, M&M

Sunil Lulla
CMD, Grey Group India

Ad World Beckons

Life has indeed come full circle for **SUNIL LULLA**, former president, Corporate Development, Bennett Coleman & Company. Lulla, who did a summer training at Trikaya (now Grey Group India) in 1983, is now all set to take over as its Chairman and Managing Director. Lulla, who has had stints with MTV, MSM and the Times Group, returns to advertising after 18 years. "I am hoping to be surprised and not shocked," says Lulla, who feels there has been a sea change in marketing and communications from what it was way back in the 1990s. "Today there are lot more ways to seduce your consumers," he says, referring to the new media proposition which is rapidly taking centre stage in the communication strategies of most brands.

AJITA SHASHIDHAR

Video interview with Sunil Lulla at
www.businesstoday.in/greygroup-lulla

RACHIT GOSWAMI/www.indiatodayimages.com

Preetha Reddy
Executive Vice Chairperson, Apollo Hospitals Enterprise

H.K. RAJASHEKAR

First Among Equals

On July 2, Dr Prathap C. Reddy, Chairman, Apollo Hospitals Group, announced new designations and roles for his four daughters. He has always maintained that **PREETHA REDDY**, his eldest daughter, will be his successor. Says Preetha, 57: "Sometimes as a tradition, somebody who is the eldest is named as a successor but very clearly the four of us are equals when it comes to leading the organisation and responsibility." Within the group, "all look at all four of us and our strength lies in the fact that each one of us has special skills", adds Preetha, who was earlier the Managing Director, but is now Executive Vice Chairperson, Apollo Hospitals Enterprise.

E. KUMAR SHARMA

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Tech Czar

GOPICHAND KATRAGADDA will take over as the first Chief Technology Officer of the Tata Group on August 3. While the group's individual companies already have such officers, this is the first time the $100 billion group will have an overall CTO and will directly report to Chairman Cyrus Mistry. "The role of a Group CTO is a new one. It indicates Mistry's emphasis on R&D, innovation and harnessing of synergies among group companies," read an email from Tata Sons to *Business Today*. Katragadda, who has more than 30 publications and five patents to his credit, was earlier the Managing Director at the GE India Technology Centre. He has also worked with Texas-based Karta Technologies as Vice President – R&D. An adjunct professor at the University of Texas, Katragadda also served on the board of Texas Public Radio. He serves as a member of various important forums, like the Karnataka government's Vision Group on Information Technology, and is an advisor to various industry bodies.

SUPROTIP GHOSH

Gopichand Katragadda
CTO-designate, Tata Group

NILOTPAL BARUAH

Video interview with Vipul Shah at
www.businesstoday.in/dowchemical-shah

VIPUL SHAH

President, CEO & Chairman, Dow Chemical International

My first role model
Ken Jewsbury, my second supervisor at Dow, who taught me how to manage stress

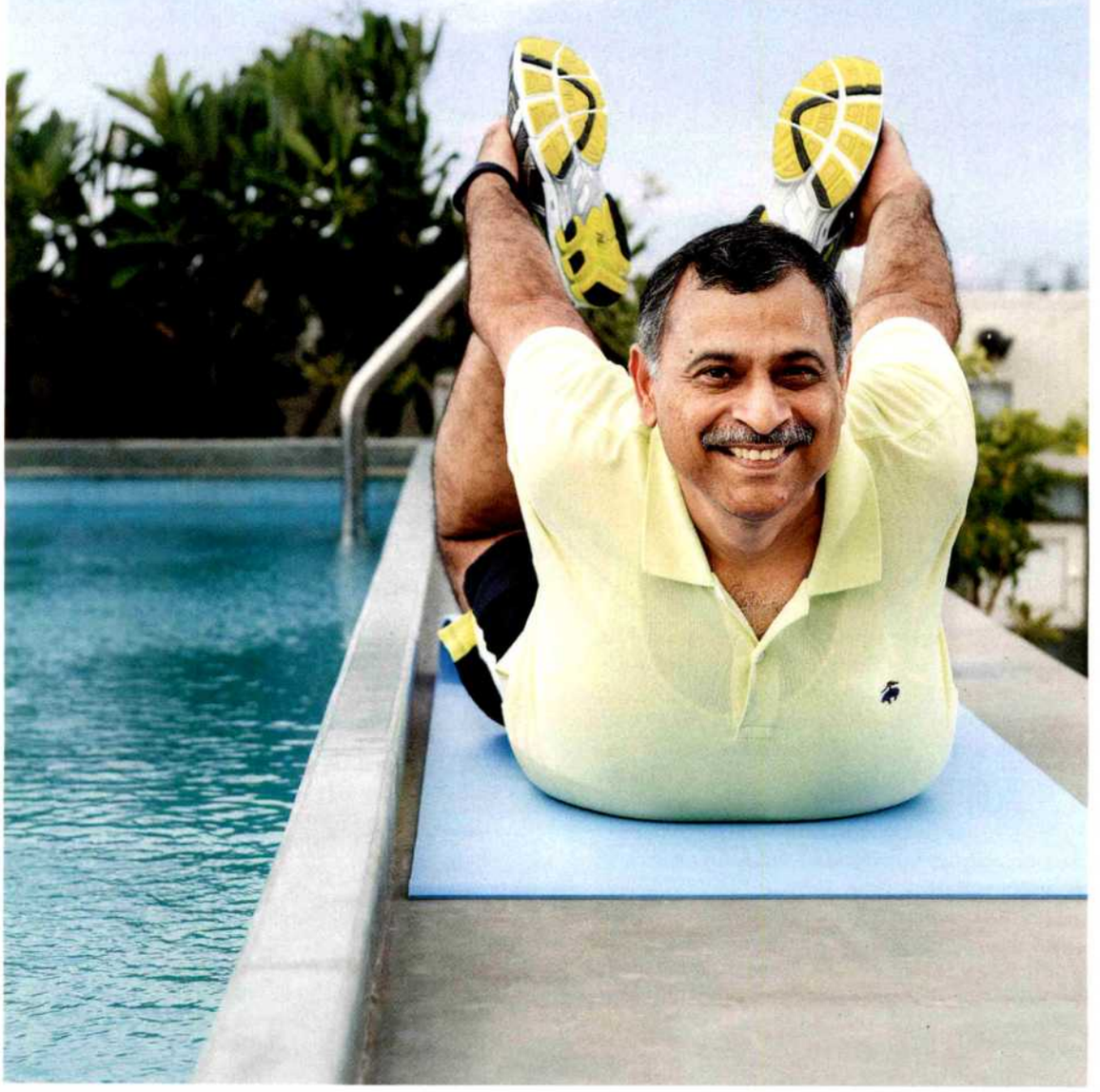
My first job
An application development manager with Reliance Industries. It taught me to dream big and take calculated risks

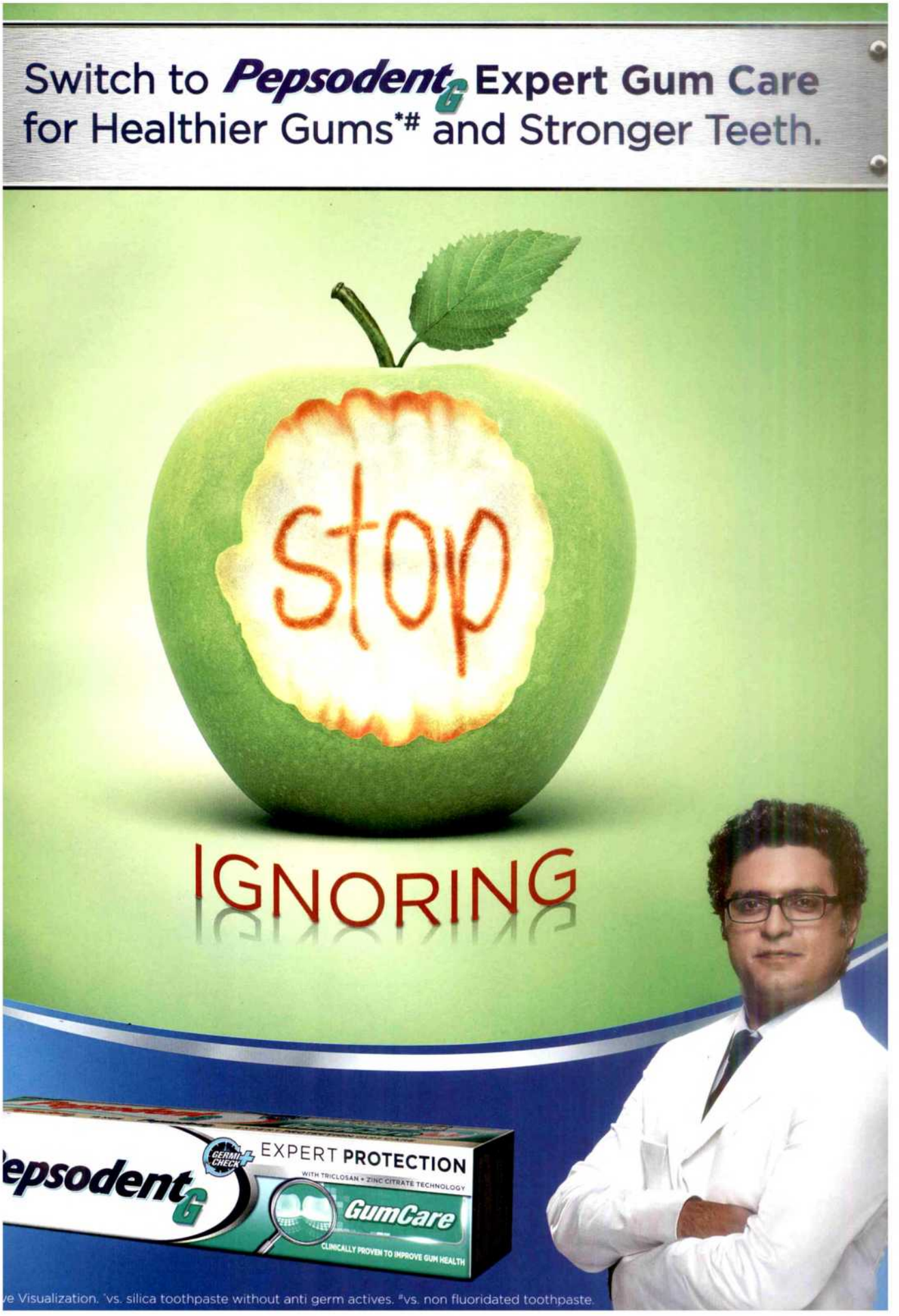
My first boss
P.N. Devarajan, Chief Executive Officer, Petrochemical Division, Reliance. He gave me the liberty to operate, make decisions and take informed risks

My first promotion
At 33, I was appointed Country Manager for Dow India – the youngest in the Dow system then

My first disappointment
Not getting admission in the engineering college of my choice. It taught me to never give up on my dreams and seize opportunities that came my way

Photo by Rachit Goswami
As told to Goutam Das

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WHY SHERYL SANDBERG CANNOT GET ENOUGH OF INDIA

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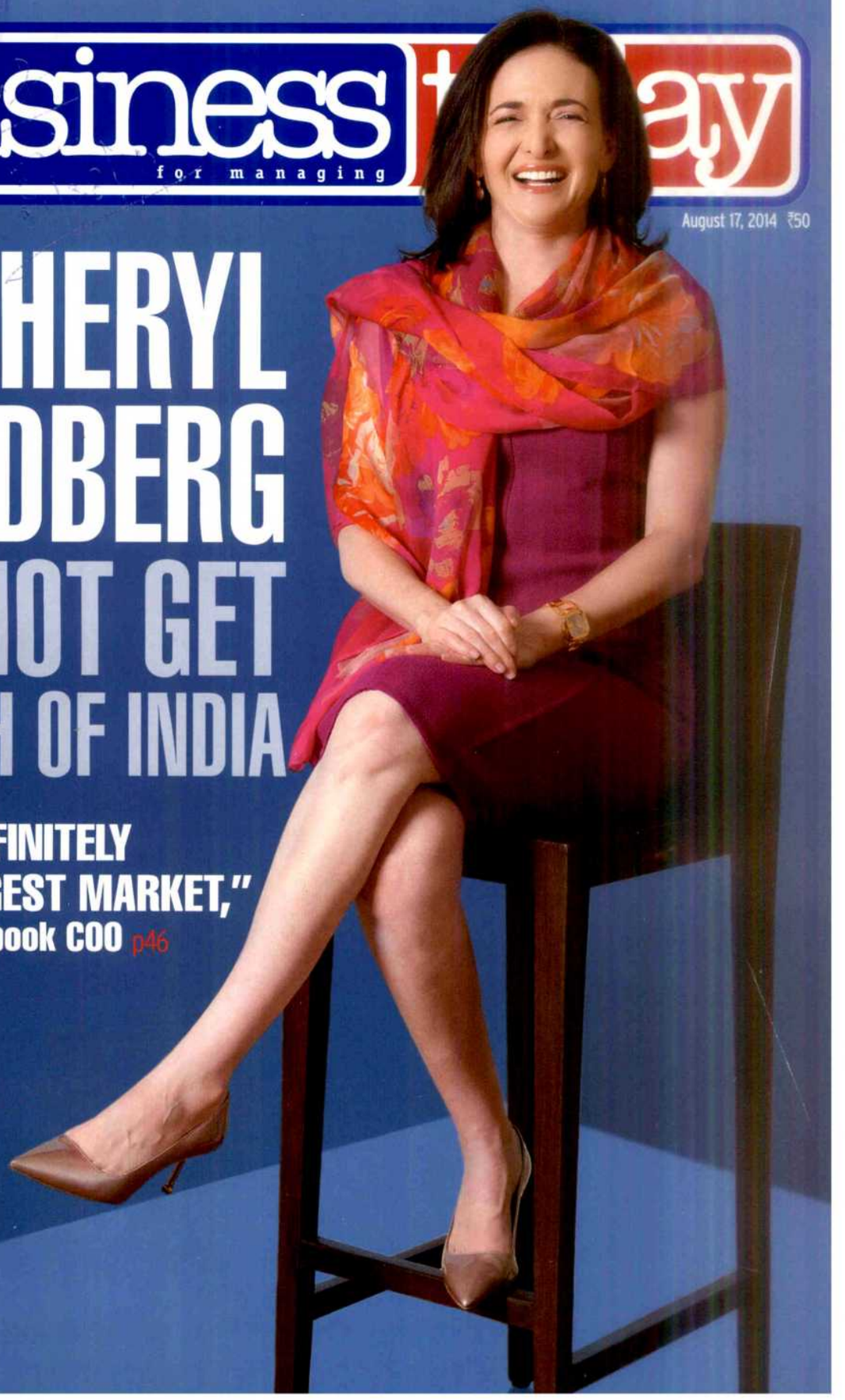

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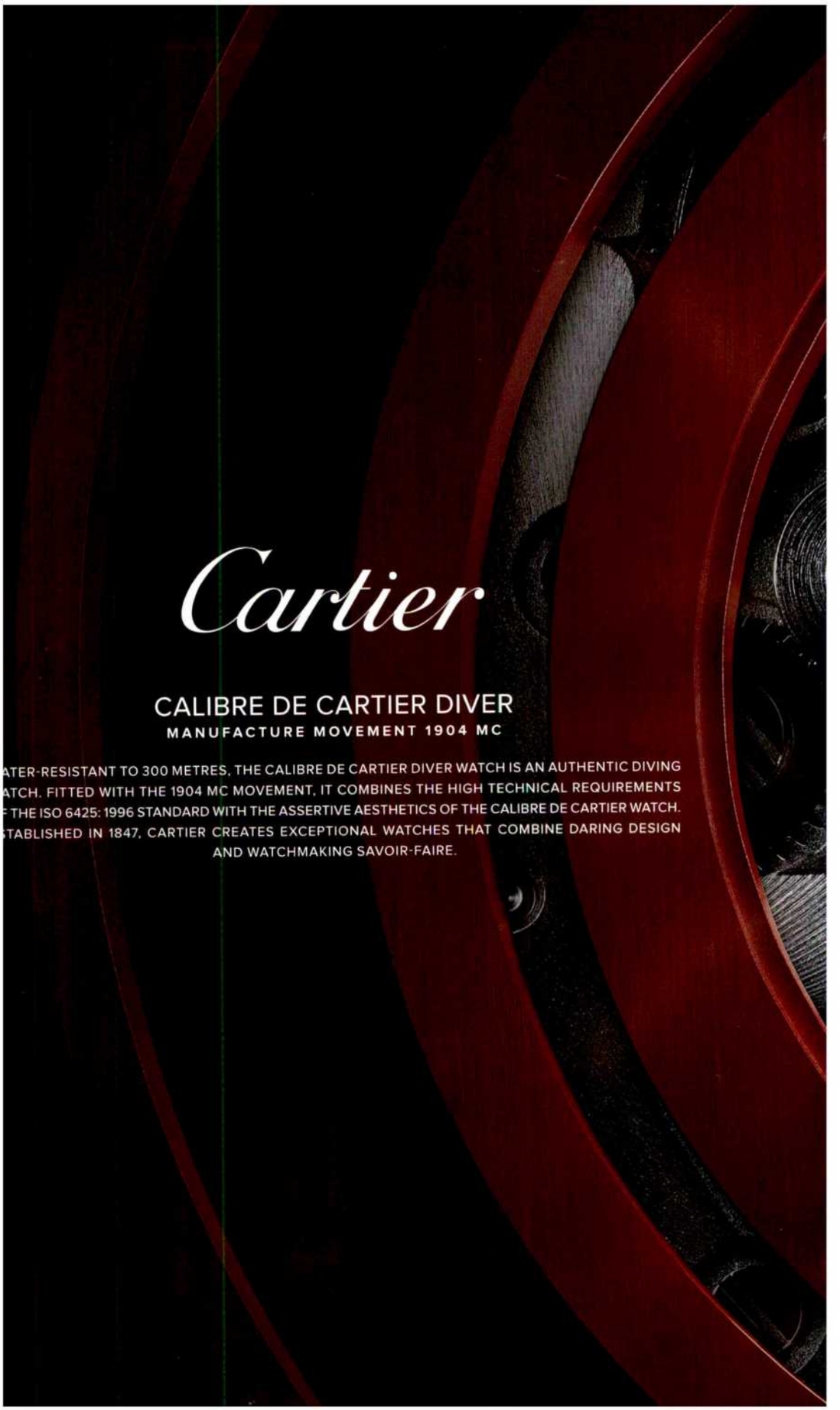
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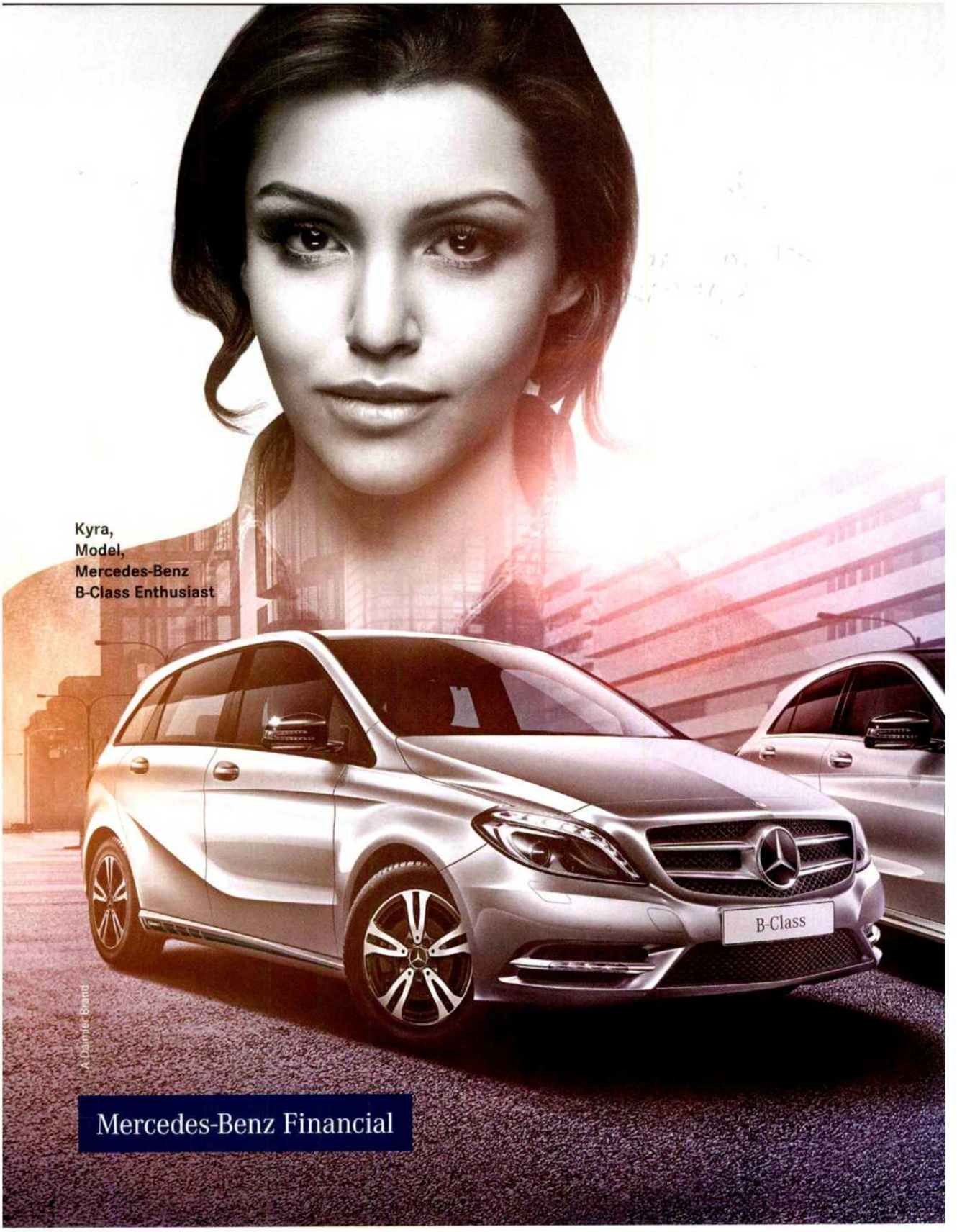

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FROM THE EXECUTIVE EDITOR

An Ideology Is Successful if It Is No Longer Needed

Terror mongers of ISIS order genital mutilation on all women, some four million of them, in Mosul. "Horror, horror," they say.

Quite so. So much that we should not be talking about it here. It's bad enough such a thing exists.

The trailer of *Fifty Shades of Grey* is released. "Sizzling hot," they say. Well, maybe. We'll see how the movie turns out.

The lasting wonder is that both these things exist in the same world.

And then there is Sheryl Sandberg.

"Having it all," she says in her bestseller *Lean In*, is perhaps the greatest trap ever set for women. "Because no matter what any of us has – and how grateful we are for what we have – no one has it all."

Now, Sandberg has a good job. A great one, in fact. Her boss speaks of her like a fan. She has flexible hours. Many of her underlings do not want to imagine Facebook without her and wish to pick up her skills, at least those at managing people. She has a husband who is a successful CEO and a decent man, who gave up a significant leg-up in career to be with the family. Her family life, with the husband and two children, sounds fulfilling. What will make young mothers most jealous is that Sandberg has a sister who lives a mile away and never says no to taking care of the children no matter how short the notice. Wait, we are not done. The sister is a paediatrician, so the children are not only in caring hands but also in trained ones.

If Sandberg was not so emphatic in her belief, she would be a good candidate to be dubbed the woman who has it all. But she might object to any title that begins with, "The woman who..."

She always disliked being recognised for her gender. Even as a teenager she felt belittled when the House of Representatives Speaker called her pretty and asked: "Are you a pom-pom girl?"

"No," she shot back, "I study too much for that." Sandberg wanted to be recognised for her work.

It, therefore, boggles the mind to think what made her write *Lean In*, which some have taken to calling the Feminist Manifesto. Why, after all the abhorrence of being singled out for being a woman, would she write a treatise on how women should behave in the workplace? Wouldn't it be nice if women did not need such a treatise? Men don't. Won't it be nice if women did not think of themselves as a gender that needed something special, not even a manifesto? It is *their* world just as much.

I should expect a clamour against these thoughts, especially in India. But much of it may be about the impracticality of the idea based on things like poor law and order that jeopardise women's safety. But law and order is a specific problem with a specific solution, which need not be a gender-based manifesto.

If Sandberg were ever to see this letter, she will hopefully take it in her stride. Her book also talks about the value of soliciting ideas from every corner. She will perhaps forgive this one for being unsolicited.

Hopefully, the proponents of secularism will show similar tolerance for unsolicited inputs. We would be truly following the principle if a person's religious belief is not mentioned whatever the context. The goons who forced a person to eat at Maharashtra Sadan should be punished for making a person do something against his will. Regardless of whether the victim's name was Arshad or Aradhana.

Suveen

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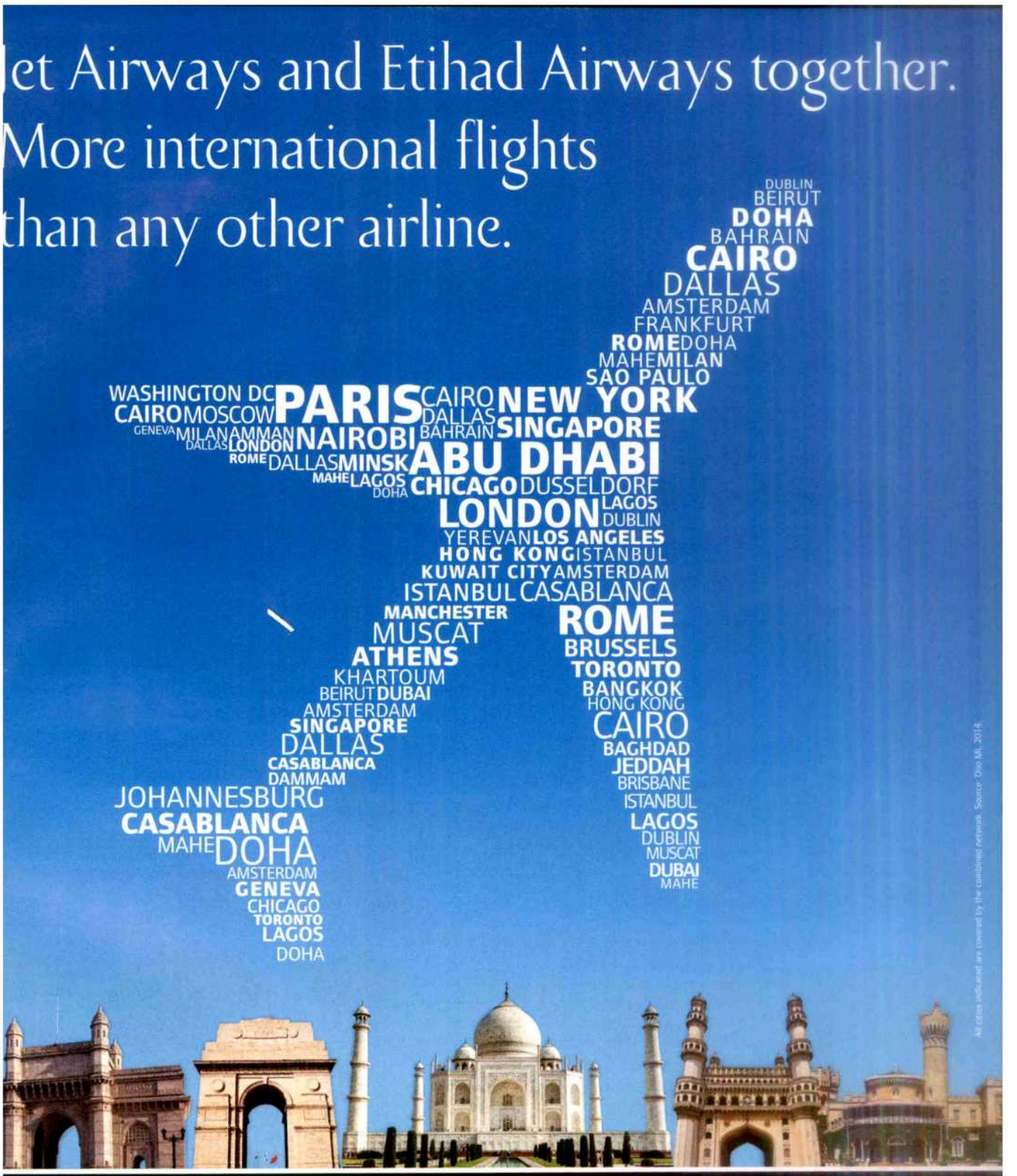

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Re: Letters to the Editor

Valuable Insights

Your cover story *The Best Companies to Work For* (August 3) was excellent. It aptly highlighted the reasons why companies like Google, Accenture, TCS, Microsoft and IBM are preferred for employment. However, I felt that some important features employees look for in a good company, were not adequately dealt with in your survey to determine the best companies. Being happy at the workplace and getting ample challenging opportunities are also important. It is also essential to know if a company cares about its brand and whether it believes in marketing the brand. For new entrants, it would be also enlightening to know about the company's internal culture, so that they can be sure of fitting in there. Still, the *BT* team/partners need to be applauded for their yearly painstaking initiative to bring to the attention of readers, recruiters and job seekers some valuable insights into the profiles of different companies.

J.S. Broca, *New Delhi*

Great Presentation

This refers to your cover story (August 3). It is estimated that we spend half of our adult lives working hard either in an office for someone or at times on our own ventures. The existing road traffic conditions with long commutes, fast-disappearing work-life balance, and other factors add to the woes of many. One of my relatives was facing a dilemma on where to join. Probably, *BT* came to his rescue with facets of different companies he should consider. The articles were insightful, informative and articulated the survey results very well. Kudos to the *BT* team for having come up with a comprehensive presentation.

Rachana Grover, *Through e-mail*

Balanced Budget

This refers to your Budget Special *Jaitley's Leap of Faith* (August 3). The Budget has belied the hopes of the *aam aadmi* in the matter of income-tax. The increase in the exemption limit for individuals from ₹2 lakh to ₹2.5 lakh and for senior citizens from ₹2.5 lakh to ₹3 lakh will hardly make a difference. The exemption limit must be raised at least to ₹6 lakh for individuals and ₹10 lakh for senior citizens. But a number of other measures should be lauded. The deduction for interest on housing loan for self-occupied houses (SOP)has been rightly raised from ₹1.5 lakh to ₹2 lakh. Increasing PPF limit from ₹1 lakh to ₹1.5 lakh, and enhancement of deduction limit from ₹1 lakh to ₹1.5 lakh under section 80 C are all most welcome. Overall, the Budget is a balanced one as it has taken care of the northeastern part of the country and backward states, including J&K.

Mahesh Kapasi, *New Delhi*

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Government plans 200 low-cost airports to connect Tier-II, Tier-III towns.
Why do we need airports? In my town, the airport was built 15 years ago. But it has been used only by the politicians. This is a waste of public money. - **Nandkishor, Lamture**

India ranks lowest among BRICS nations in HDI
This shows lack of patriotism among our politicians and bureaucrats. - **Murugesen**

India reduces dependence on Iran oil to less than 6 per cent.
We can pay more to Reliance oil, and Ambani can evade tax. - **Phani Shri**

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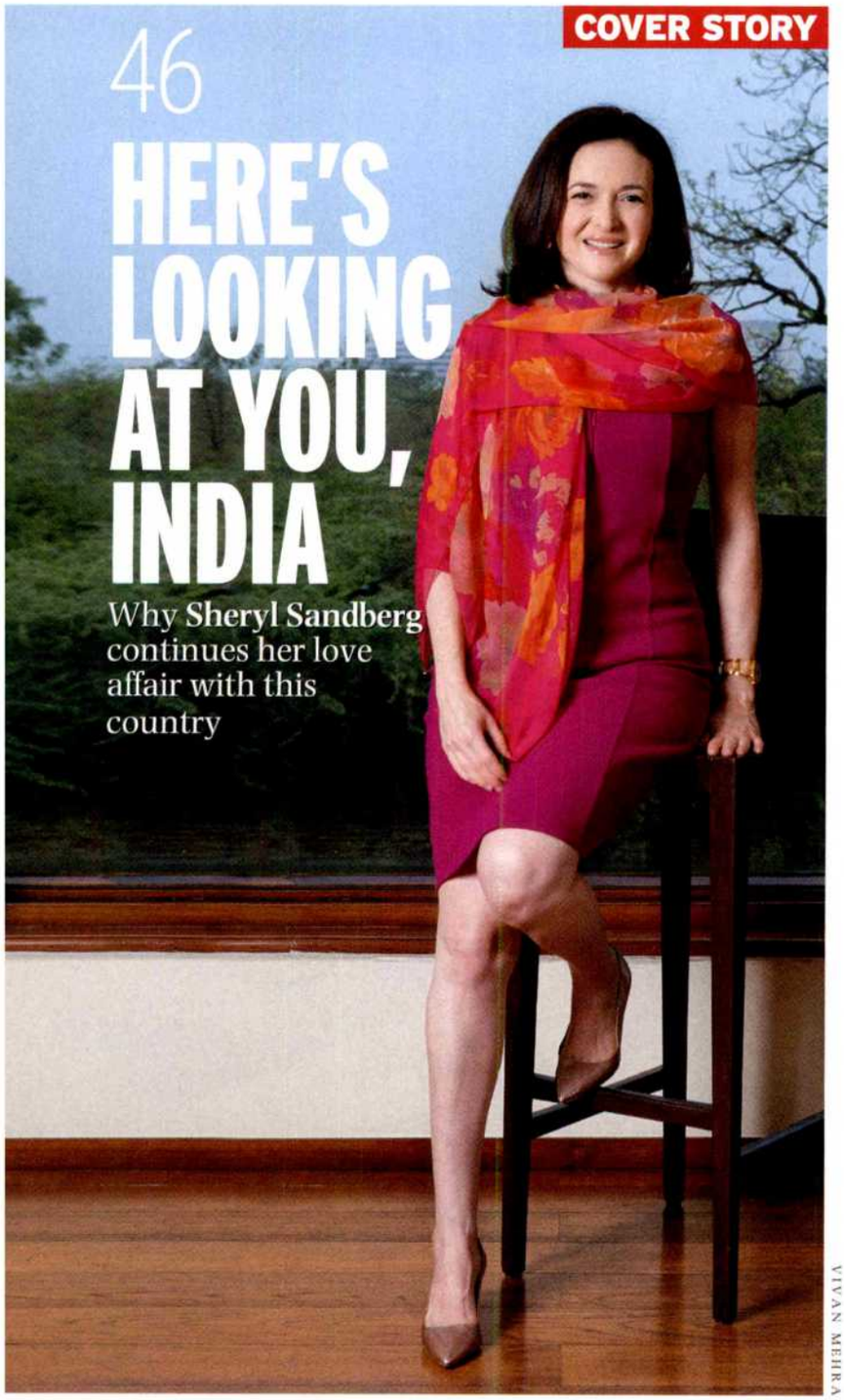

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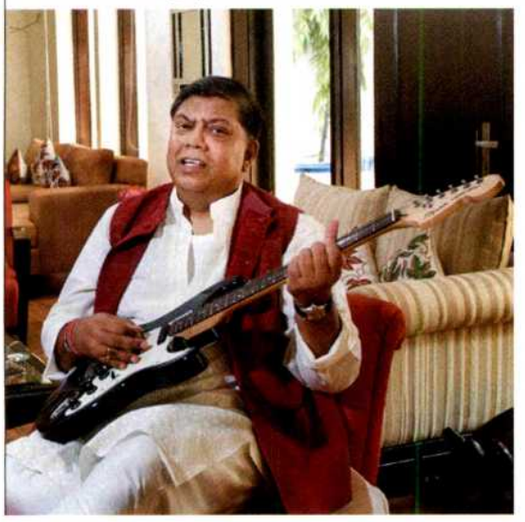

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Text interview with Facebook India's Sales Head **Kirthiga Reddy**
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Hemant Rustagi says long-term goals like children's education, marriage and retirement planning require us to accumulate a large corpus.
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Xiaomi Mi 3
A value-for-money smartphone

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BT CEO Lunch Slideshow
Nine CEOs and investors got together in Bangalore to discuss whether India can become a product nation.
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INTERVIEWS

"You don't need to do hi-tech stuff to go to Titanium"
Prasoon Joshi, Executive Chairman and CEO, McCann Worldgroup, headed the Titanium jury at the Cannes Advertising Festival this year. He speaks with **Ajita Shashidhar** about the award-winning campaigns that won the coveted Titanium metal.
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"How Saral Health aims to make health care accessible"
Sonal Sachdev, speaks with **Ajita Shashidhar** about the business model of Saral Health, the online medical supermarket he founded after giving up his career as a journalist.
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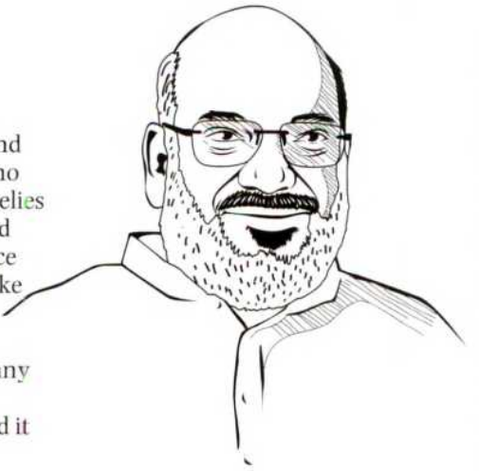
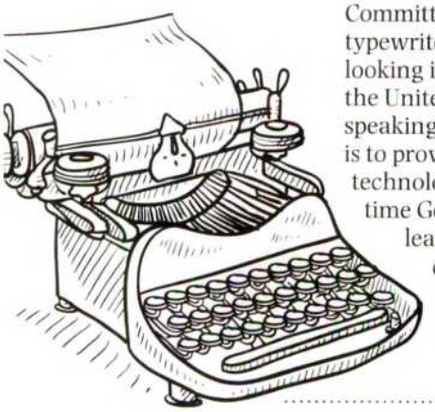
RIGHT-HAND MAN



"That I am Narendrabhai's right-hand man is a media perception. There is no special relationship between us. He relies on every worker who works hard and has the talent and capacity to produce results ... One Amit Shah doesn't make any difference to Modi," said BJP President Amit Shah in an interview with *India Today*. How many would underplay their proximity – perceived or real – to PM Modi? Could it be one of the reasons Shah thrives?

THE SPY WHO TURNED THE CLOCK BACK



Just the other day, the German Parliament's NSA Investigative Committee bought a manual typewriter. The committee is looking into spying in Germany by the United States and other English-speaking countries. The typewriter is to provide a bulwark against high-technology spying. It was bought around the time Germany asked the CIA's local functionary to leave. Typewriters are already becoming a common sight in the Russian government, bought after Edward Snowden blew the whistle on US electronic surveillance.

INJURIOUS TO FINANCIAL HEALTH

A Florida jury imposed punitive damages of $23.6 billion on R J Reynolds, maker of cigarette brands such as Camel and Pall Mall, in a case brought by the widow of a chain-smoker who died of lung cancer in 1996 at age 36. This is one of the biggest such verdicts and shows rising intolerance of tobacco as a business. According to news agency Reuters, the award is likely to be rejected or substantially reduced on appeal. R J Reynolds is a unit of Reynolds American, which, a week earlier, said it would acquire rival Lorillard, maker of the Kent and Newport brands, in a deal valued at $27.4 billion.

₹ 5,06,703.34 Crore

Tata Consultancy Services' market cap on July 23. It became the first Indian company to cross the ₹5 trillion mark.

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The number of teeth removed from the mouth of Ashik Gavai, 17, by surgeons in Mumbai. It may be a world record.

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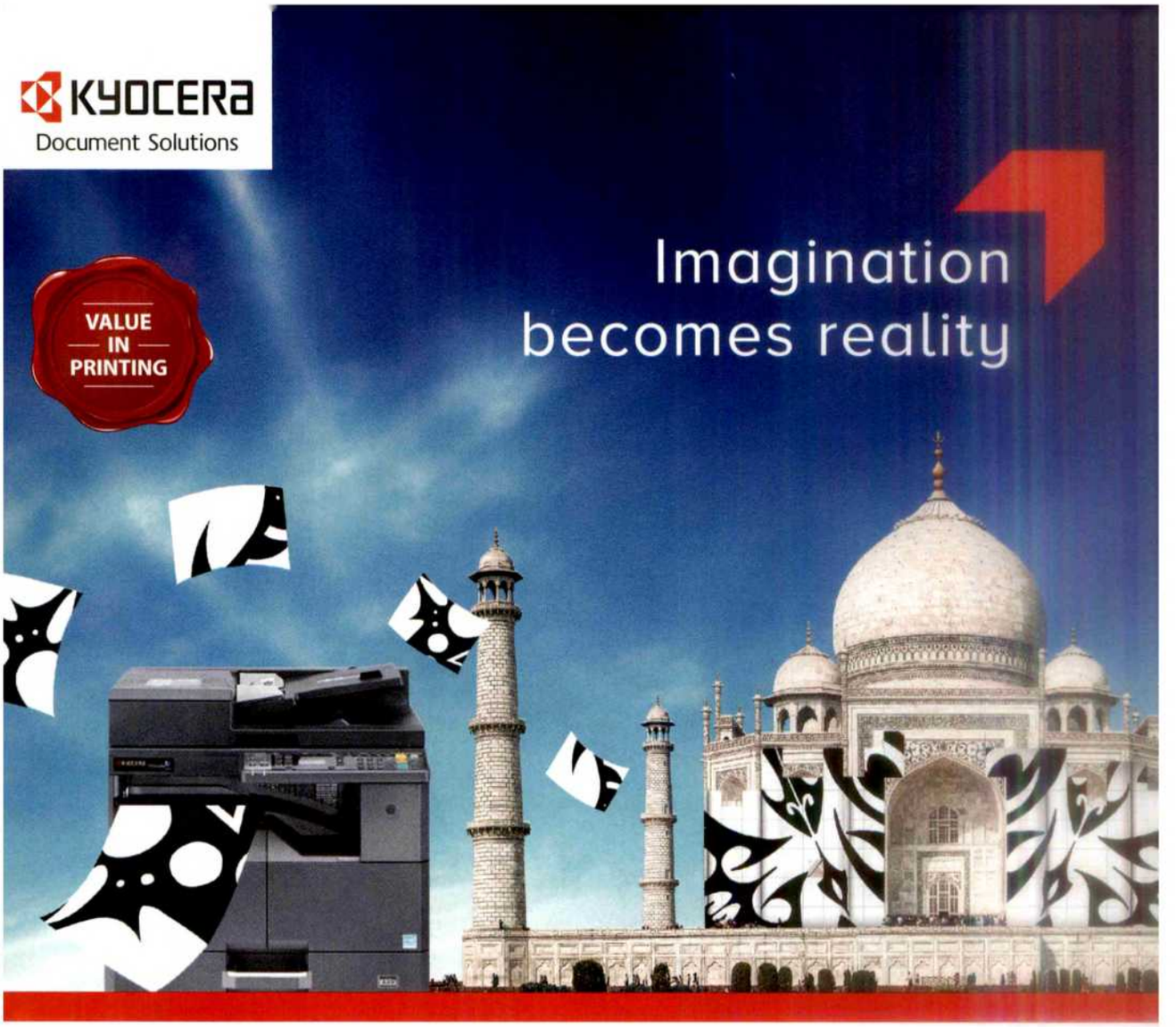

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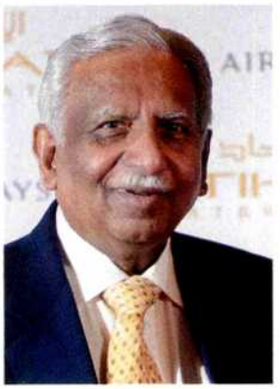

Jet Airways Chairman Naresh Goyal has said the country's No. 2 airline by market share will look at selling planes and restructuring its debts. The airline, which has not reported an annual profit since 2007, set out a three-year restructuring plan in May centred on cutting costs and boosting efficiency. Together, Jet Airways and Etihad Airways operate more international flights from India than any other airline.

The Supreme Court has allowed Sahara to sell its international assets to raise money for the group chief Subrata Roy's bail. Sahara has to raise ₹10,000 crore for the bail of Roy and two directors of group companies. The three were jailed on March 4.

Wal-Mart Stores Inc has infused fresh funds worth ₹623 crore ($102.9 million) into its Indian wholesale business in June. Wal-Mart runs 20 wholesale stores in India and plans to roll out 50 more over four to five years. The retailer has already launched its e-commerce operations, to sell to small businesses, in Lucknow and Hyderabad.

The Reserve Bank of India has removed the ceiling on the quantum of loans given against pledged gold ornaments, where the end-use of funds is not for agricultural purposes.

According to the Monster Salary Index India IT Sector Report 2014, only 30 per cent of the total IT sector workforce in India are women and the fairer sex faces a gender pay gap of 29 per cent.

A study by Kotak Wealth Management estimates 117,000 ultra-high net worth households - those with wealth exceeding ₹25 crore - at the end of March 2014, an increase of 16 per cent over last year. This number is likely to treble in the next five years.

The Comptroller and Auditor General has castigated the government's fuel pricing policy saying it gave undue benefit of ₹667 crore to Essar Oil and Reliance Industries. It called for renegotiating rates at which diesel is bought from private refiners.

Kotak Mahindra Bank has agreed to buy 15 per cent stake in Multi Commodity Exchange of India (MCX) from Financial Technologies (India) Ltd for ₹459 crore. FTIL, which held 26 per cent in MCX, had to divest as it was deemed not 'fit and proper' by the commodities market regulator, Forward Markets Commission, owing to the ₹5,600 crore National Spot Exchange Ltd fiasco.

Three private carriers jointly owe about ₹377 crore as airport and other dues to the Airports Authority of India (AAI), including ₹172.69 crore by defunct Kingfisher Airlines, between April and June. The total amount of penal interests charged from the defaulting parties stood at about ₹115 crore.

Aadhaar is amongst the four instruments selected by the EPFO as know-your customer that will be seeded to each provident fund account number. The others include NPR number, Permanent Account Number and bank account number. The other options for KYC includes election card, ration card, passport and driving licence.

Microsoft is set to slash up to 18,000 jobs worldwide by next year. The software giant, led by India-born Satya Nadella, will sharpen its focus on cloud and mobile offerings. As of June, Microsoft had about 99,000 people on a full-time basis. The world's largest software company reported a 7 per cent dip in quarterly profit, chiefly due to incorporating the struggling handset business of the Finnish mobile pioneer Nokia.

US fast food chains McDonald's Corp and KFC-parent Yum Brands Inc has apologised to Chinese consumers and said they will stop using a Shanghai meat supplier after Chinese regulators shut down the firm over food safety concerns.

The Indian medical tourism industry is expected to touch $6 billion by 2018, according to a PHDCCI report. In value terms, it is estimated at a little over $3 billion now. The number of people arriving in the country for medical treatment is set to double over the next four years.

Indians are glued to their smartphones as they check their handsets 77 times a day on average, says a study by Ericsson onsumerLab. Indians spend more than three hours a day using their smartphones with a third of the total time spent on apps. Eleven per cent of working professionals shop online using smartphones while at work.

CORPORATE SCORECARD

	Total Income	Year-on-year Increase	Net Profit	Year-on-year Increase
Yes Bank	3,105	9%	439	10%
HDFC Bank	13,070	13%	2233	21%
Axis Bank	9,980	10%	1667	18%
Idea Cellular	7,485	16%	643	59%
Asian Paints	2,790	18%	309	9%

* Figures in ₹ Cr/ for quarter ending June 2014
Source: Bombay Stock Exchange (BSE)

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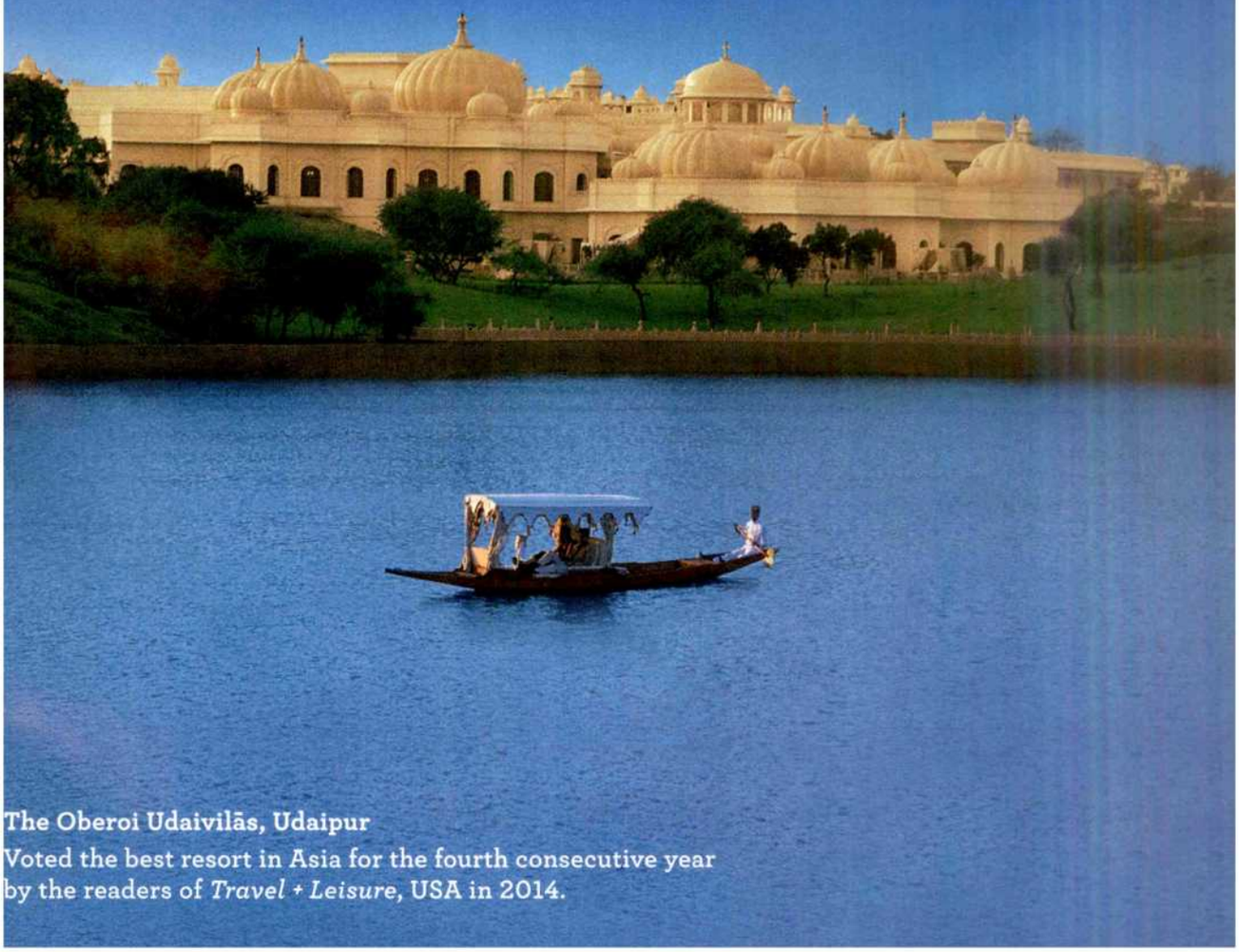

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FOCUS

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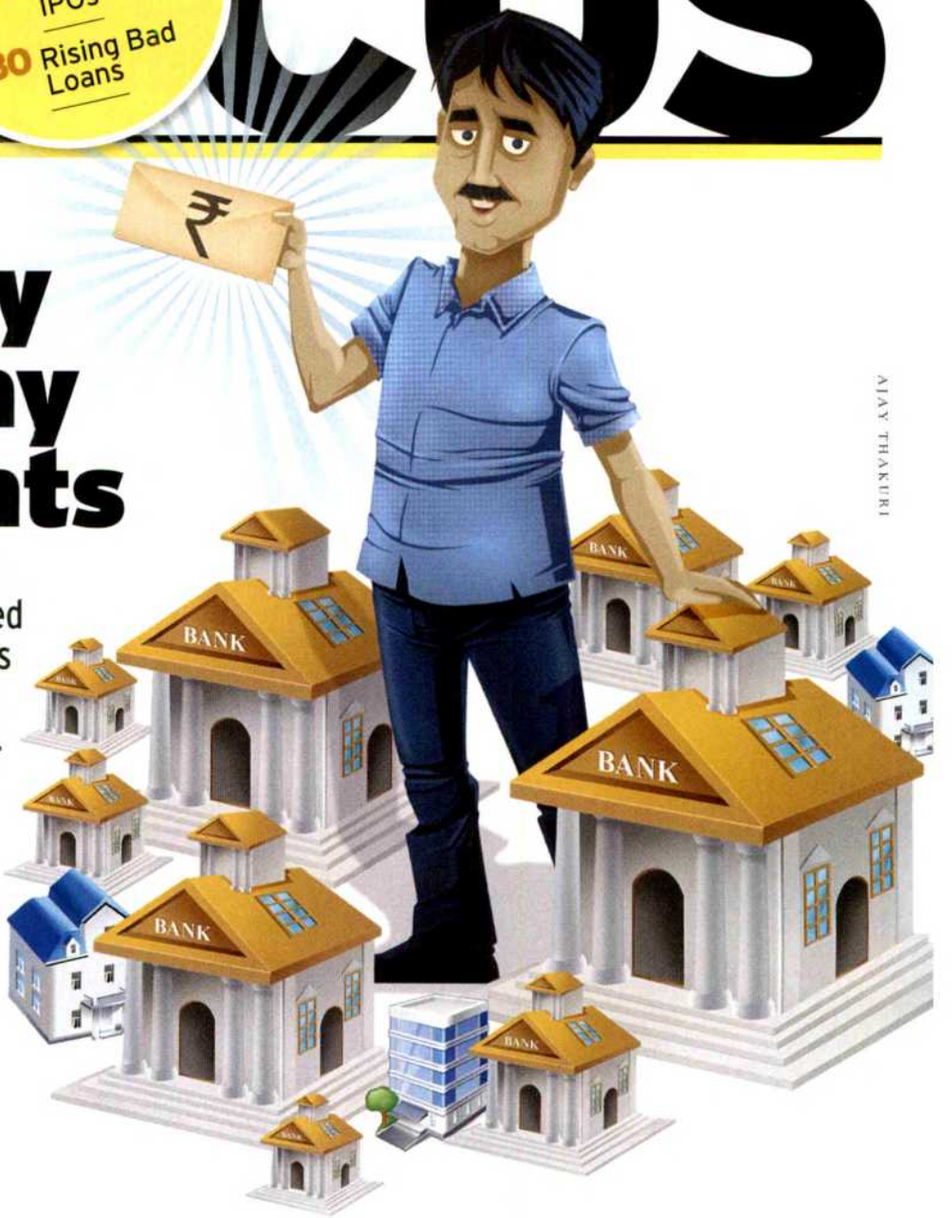
30 Rising Bad Loans

Every Penny Counts

The RBI's move to issue differentiated banking licences is path-breaking but challenges galore.

By ANAND ADHIKARI



AJAY THAKURI

8-9%

Interest rate for deposits invested in government securities

The billionaire Sunil Bharti Mittal's Bharti Airtel offers a mobile wallet service through 'Airtel Money' in almost all the major cities. It allows customers to load cash up to ₹50,000 and use it to recharge phone or pay for utility bills, movie tickets or for shopping at malls. The service transfers money instantly just like a credit or debit card. Airtel, with its more than 300 million mobile customers, is not alone in offering mobile wallet services. There are actually two dozen players from telecom companies to Sodexo to Subhash Chandra's ItzCash card.

They are all licensed by the Reserve Bank of India (RBI) as Prepaid Payment

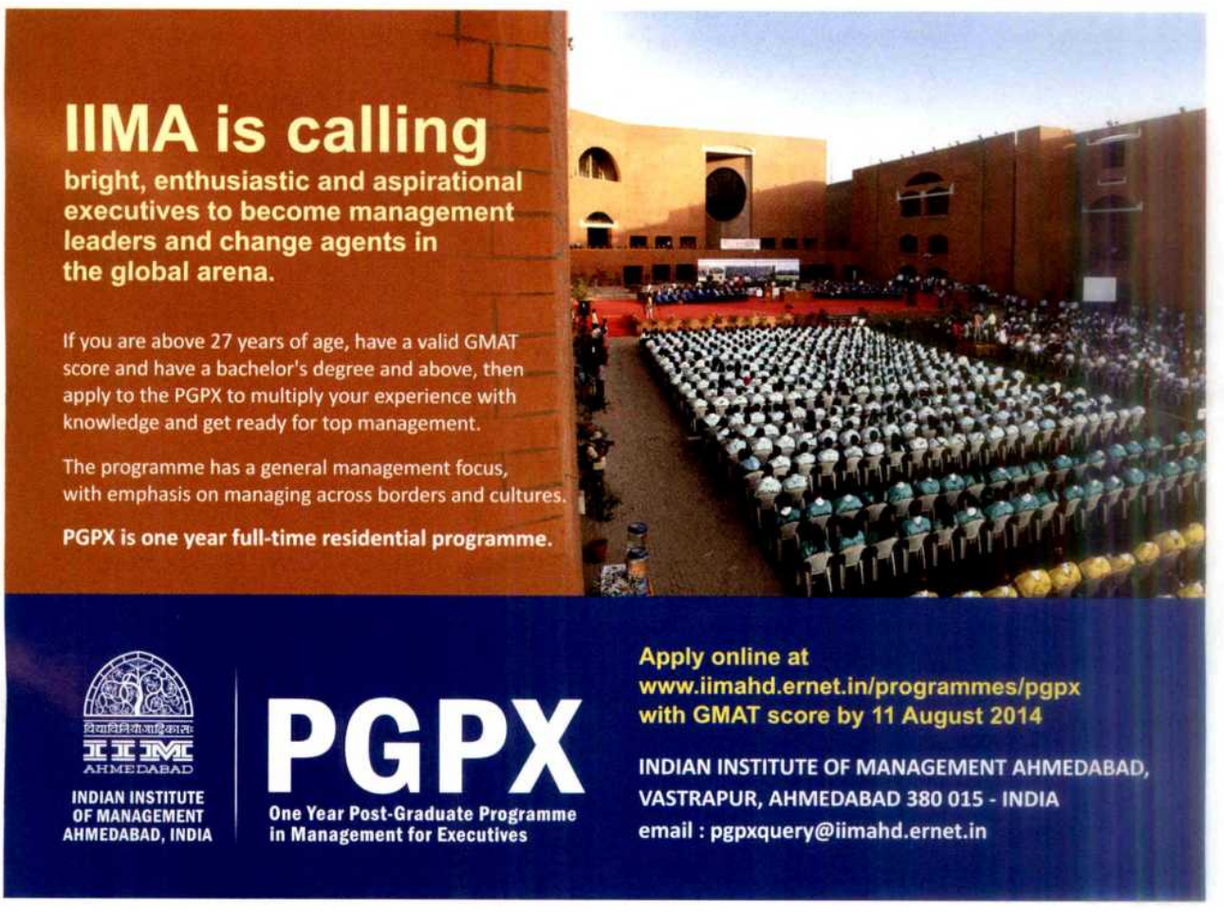
Instruments (PPIs) and have to maintain an escrow account with a commercial bank. No interest is paid on the deposits. The RBI comes into the picture as it regulates acceptance of deposits from the public. Last week, the RBI released its draft guidelines for two new categories of banks – payment banks and small banks. The final guidelines will be issued in August after receiving feedback.

The biggest advantage for companies in shifting from prepaid cards to a bank is the right to raise savings and current accounts up to ₹1,00,000 from a customer. These deposits will get annual interest of four to five per cent and must be invested in government securities that return eight to nine per cent interest.

There appears to be a clear return of two to three per cent after factoring in the operational costs. The market for such deposits is huge. As per RBI estimates, the outstanding deposits as on March 31, 2013, was ₹74,29,500 crore. The top 100 cities contribute close to 70 per cent of the banks' deposits. But it isn't easy for a new player to garner low-cost deposits. State Bank of India (SBI), the largest bank in the country, gets 50 per cent of its deposits from low-cost current and savings accounts. In the private sector, ICICI Bank gets around 40 per cent of its deposits as current and savings account.

"The business of mobilising deposits in rural and semi-urban areas requires a different mindset. You will need higher volumes because of lower value deposits," says Rishi Gupta, Chief Operating Officer, Fino PayTech, the country's largest banking correspondent. The firm, a candidate for payment bank, also provides technology solutions to banks and financial institutions to reach out to rural areas.

The new players will have to take banking solutions to the doorsteps of rural folks using technologies that can process



THE LAST MILE IN FINANCIAL INCLUSION

New players will have to take banking solutions to the doorsteps of rural folk

PARAMETERS	PAYMENT BANK	SMALL BANK
SCOPE OF ACTIVITY	Accept small savings and offer remittance services but no lending activity	Basic banking activities of acceptance of deposits and lending to small farmers, small businesses, micro and small industries
WHO CAN SET UP	NBFCs, mobile companies, supermarket chains, real sector cooperatives and public sector entities with five years of track record	Individuals or professionals with 10 years experience in banking and finance/NBFCs/MFIs will also be eligible
LENDING	Entire deposits have to be deployed in government securities	All norms as applicable to existing banks, including maintenance of Cash Reserve Ratio and Statutory Liquidity Ratio
PAID-UP CAPITAL	₹100 crore	₹100 crore
OBJECTIVE	Support financial inclusion in far-flung areas	Help small businesses in the unorganised segment get cheaper credit

transactions instantly. But why would a customer go to payment banks when post offices exist in every nook and corner of the country? There are over 1.55 lakh post offices and 90 per cent of them are in rural areas. People are also familiar with post office savings product that offers four per cent interest a year and five-year recurring deposits with 8.4 per cent a year. But experts are not amused.

"Post offices don't have the technology backbone. The model is brick and mortar, which is a costly way of doing business," says Gupta. People's interaction with post offices is diminishing. "Nobody in metros or urban areas goes to post offices to send letters," says Amit Lakhotia, Vice President (Payments) at Paytm, an RBI-licensed prepaid card provider.

SCEPTICS FEAR THE PROPOSED PAYMENT BANKS MAY END UP CATERING TO CUSTOMERS IN METRO AND SEMI-URBAN AREAS

Gupta, whose firm is evaluating a payment bank licence, agrees that the trust that people have in post offices will be a big challenge and so financial literacy to develop an ecosystem is a must. The rural and semi-urban masses have in the past borrowed money from private banks but there is little proof to show that they trust in depositing money in these banks. There have been instances of rural folk depositing money in ponzi schemes. "We had to do a lot of cajoling [to woo rural customers]," says Lakhotia.

Sceptics fear that the proposed payment banks may end up catering to customers in metro and semi-urban areas as that's where big money lies. For instance, the prepaid mobile wallets generate the maximum volumes in top metros and urban centres. "The banking licences shouldn't defeat the purpose for which they are being set up," says the CEO of a non-banking financial company.

The RBI has stated in its draft guidelines that payment banks are being set up to further financial inclusion by providing small savings accounts and payment and remittances services to migrant labourers, low-income households and small businesses. Lakhotia says every player has to evaluate the financial viability of the proposed payments banks. "The margins will be wafer thin as commercial lending like what the full-fledged banks do is restricted here," he says. ◆

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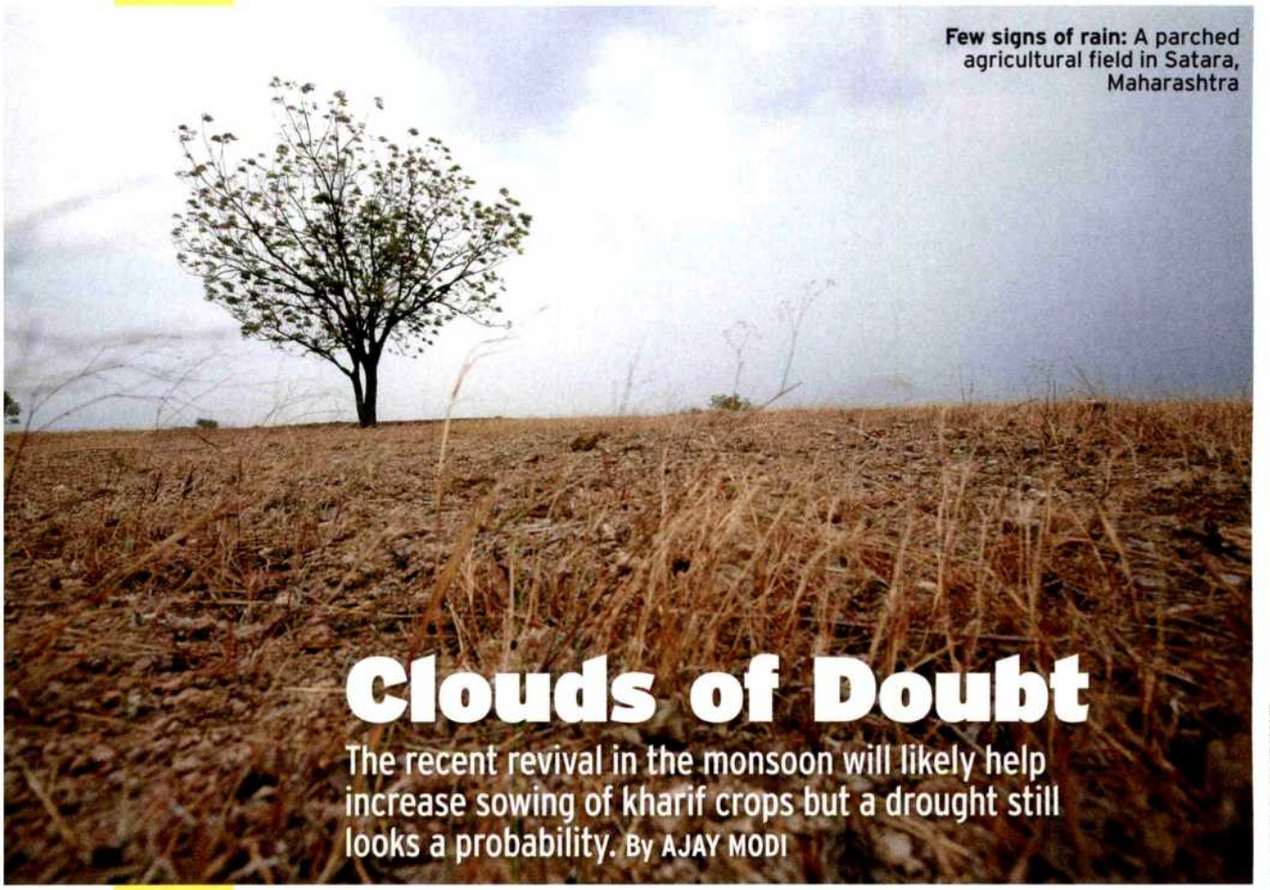

Few signs of rain: A parched agricultural field in Satara, Maharashtra

MANDAR DEODHAR

Clouds of Doubt

The recent revival in the monsoon will likely help increase sowing of kharif crops but a drought still looks a probability. By AJAY MODI

THE WEATHER DEPARTMENT PROJECTS MONSOON RAINFALL TO BE 93 PER CENT OF THE 50-YEAR AVERAGE

The delayed arrival of the monsoon along with a sizeable rainfall deficit this year has disturbed the normal sowing cycle of kharif crops, especially oilseeds and pulses. This could impact output of crops, albeit not very significantly. And although the monsoon has slightly revived from the middle of July, weather experts say chances of drought remain high.

The government is hopeful the situation would be under control. "A delay of five to 10 days does not impact crops in a significant manner. A gap of over one month can impact productivity," J.S. Sandhu, Agriculture Commissioner in the Ministry of Agriculture, told Business Today.

The rainfall deficit has shrunk to 24 per cent as of July 24 from 43 per cent as of July 12. The India Meteorological Department (IMD), the official weather forecaster, has predicted higher rainfall in August compared to June and July. The monsoon arrived on June 6 this year, five days later than usual. The IMD projects rainfall during the June-September monsoon season to be 93 per cent of the 50-year average while private forecaster Skymet projects rainfall to be 91 per cent.

24%
Rainfall deficit as of July 24

The monsoon's late arrival and its slow progress have delayed sowing of paddy, pulses, oilseeds and coarse cereals. Madan Sabnavis, Chief Economist at CARE Ratings, said in a July 21 report that the deficit is a cause for concern because late arrival affects the sowing pattern as farmers tend to switch crops, thus distorting the equilibrium.

Another reason to worry is the uneven rainfall distribution. While the sowing window is open till early-August and sowing coverage is likely to improve as the monsoon progresses, distribution will be key to deter-

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mining crop output. Until July 16, while the deficit for the country was 36 per cent, the shortfall for northwest India was 49 per cent and for the central region 47 per cent. In Gujarat and Marathwada region, the deficiency is alarming at more than 60 per cent. Telangana, central Maharashtra and Punjab stare at a deficit of 50 per cent or more. The shortfall is 40 per cent or more in Vidarbha, Saurashtra, Kutch, Rajasthan, Haryana, west Uttar Pradesh and coastal Andhra Pradesh as of July 21, according to IMD data.

According to private weather forecaster Skymet, the cumulative deficit at the end of July is likely to be around 20 per cent. Its analysis of the data between 1877 and 2013 shows that there were only five years – 1877, 1918, 1972, 1987 and 2002 – when June and July deficit stood at 25 per cent. The seasonal (June-September) deficit during these five years was 23 per cent, which amounts to a severe drought (deficit of 20 per cent and above). Skymet data also shows that there were 10 years between 1877 and 2013 when the June-July deficit was 20 per cent and the season's deficit was 18 per cent, qualifying as a moderate drought. All these 10 years were El Nino years. The probability of El Nino this year has been pegged at over 70 per cent by the IMD.

"A DELAY OF FIVE TO 10 DAYS DOES NOT IMPACT CROPS IN A SIGNIFICANT MANNER. A GAP OF OVER ONE MONTH CAN IMPACT PRODUCTIVITY"
J.S. Sandhu,
Agriculture Commissioner,
Ministry of Agriculture

The government, however, says it is prepared to handle any situation arising due to the deficiency in rainfall. Sanjeev Kumar Balyan, Minister of State for Agriculture and Food Processing Industries, told Parliament on July 11 that agricultural institutes have prepared contingency plans for 520 districts to implement location-specific interventions to sustain agriculture production in the eventuality of a weak monsoon.

States have been asked to ensure availability of short-duration and drought-tolerant varieties of seeds to farmers. Besides, state governments can access the State Disaster Response Fund in the case of drought. They have also been asked to keep aside 10 per cent of funds available under the Rashtriya Krishi Vikas Yojana and other schemes to take steps for mitigating any situation arising out of drought.

The government is also issuing advisories to farmers through Kisan Call Centres as well as public-sector broadcasters All India Radio and Doordarshan. Farmers have been advised to conserve water by using techniques such as mixed cropping and sowing of less water consuming crops such as ragi and millets.

However, a drought may not have any significant impact on farm output. Punjab and Haryana, the grain bowl of India, have adequate alternate sources of irrigation and so the impact on agricultural output may be minimal. In 2012/13, for example, rainfall was 92.9 per cent of the 50-year average – a tad lower than this year's forecast of 93 per cent – but grain output slipped only 0.85 per cent to 257 million tonnes.

The severe drought in 2009, when the rainfall deficit was 22 per cent, had led to a 16 million tonne drop in grain output in 2009/10. The impact was mainly on rice (10 million tonnes), and maize and oilseeds (3 million tonnes each), while pulses production was not affected and cotton output rose.

Any drought may not also impact exports and imports of agricultural commodities. For instance, basmati rice exports rose from 1.5 million tonnes in 2008/09 to 2 million tonnes in 2009/10. However, maize export fell by 0.9 million tonnes to 2.6 million tonnes during the same period.

Even if farm output drops, the government has plenty of stocks in its warehouses. The government has wheat stock of 40 million tonnes and rice stock of 21 million tonnes. That's substantially more than the buffer requirement and offers hope that the country would be able to withstand any adverse effects of any drought this year. ◆

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Primary Concerns

There are positive signs, but it is still too early to say if the primary market will revive and retail investors return to it.

By MAHESH NAYAK

ULTIMATELY, THE RETAIL INVESTOR MUST RETURN FOR THE PRIMARY MARKET TO BOOM. CHANCES OF THAT ARE LOW

The Sensex may be scaling new heights, but for the last three years, the primary market has remained dull. The amount raised through initial public offers (IPOs), follow-on public offers (FPOs), and offers for sale (OFSs) has been falling every year since 2009/10. In the last month, however, qualified institutional placements (QIPs) have boomed, with close to $3 billion being placed with institutional buyers by Indian corporate houses. Is it an indication that, with the hopes raised by the Narendra Modi government coming to power, the broader primary market will follow?

Opinion is divided. "The scenario looks promising for the primary market," says Sanjay Sharma, Managing Director-Equity Capital Markets, Deutsche Equities India, Deutsche Banks' broking and investment arm. "After the election results, the sentiment has changed and given a new lease of life to many companies, which are now able to raise money through equity mainly to reduce their debt.". Plans already announced show India Inc intends to raise ₹2.38 lakh crore from the primary market in different ways. (See *Betting on the Primary Market*.)

But other bankers are more cautious. "Institutional interest is back, but broad participation will take some more time. The IPO market will take nine to 12 months to revive," says V. Jayasankar, Senior Executive Director and Head, Equity Capital Markets, at Kotak Investment Banking. Prithvi Haldea, Chairman and Managing Director of Prime Database, which monitors the primary market, agrees. "I really do not see this as a true revival," he says. "True revival is when fresh capital is raised by unlisted companies. Today the issues are aimed mainly at the institutional

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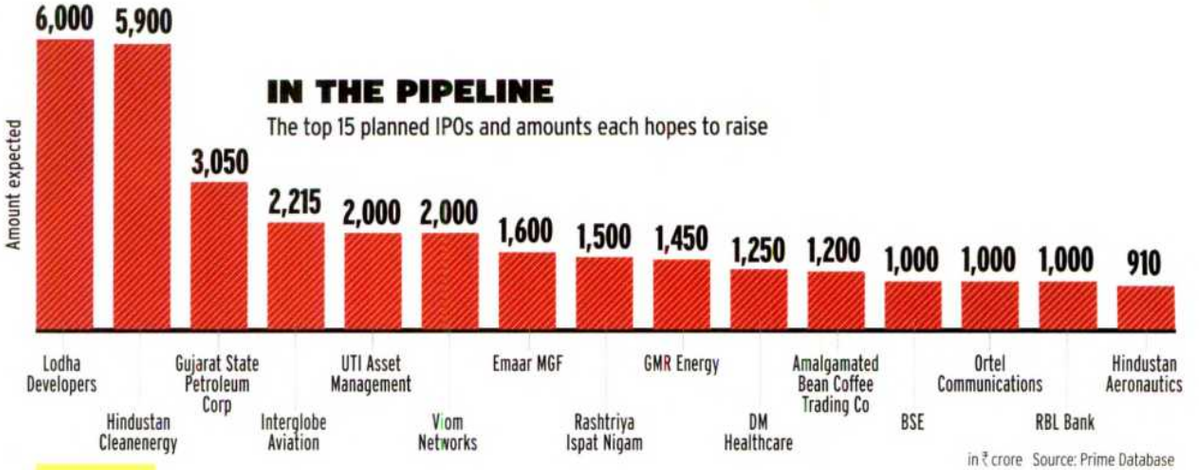

investors. I see a lot more OFSs and QIPs."

Ultimately, the individual, retail investor – who is barred from investing in QIPs anyway – must return to the primary market to boom. What are the chances of that happening? The impending public sector units (PSU) disinvestment could well be a draw. Oil and Natural Gas Corporation, Steel Authority of India and Coal India are expected to come up with OFSs to raise around ₹40,000 crore. "A 10 per cent reservation for retail investors in the OFSs may see some retail money coming in, but the OFS is structurally not a retail-convenient method. Mainly, high net worth individuals may come in," says Haldea. There is a proposal for the PSUs to place some proportion of the shares at a discount for retail investors, as compared to the price sought from institutional investors, for which the government is in talks with the Securities and Exchange Board of India.

"We bemoan the absence of retail investors, but our policy initiatives are all tailored to attract institutional investors," adds Haldea. In the last three years, almost all the funds raised in the primary market have been through QIPs, institutional placement programme (IPPs) and OFSs – all aimed at institutional investors. "Even the government, which has an obligation to expand the investor base, has opted for these routes," says Haldea. "If we are serious about getting retail participation, the most appropriate method is for listed PSUs going in for further divestments to make a 100 per cent retail offering and that too at a discount to the market price." For PSU IPOs, only 25 per cent should be reserved for institutions to enable price discovery, and the balance should be offered to retail at a 15 per cent discount to the discovered price, he feels.

In the near-term then, there are no visible triggers for the revival of the primary market. "Since the IPO process is time-consuming, we may not see a rush in the immediate future – IPOs will start happening on a regular basis towards the end of this calendar year," says Girish Nadkarni, Managing Director at Motilal Oswal Investment Advisors. He expects infrastructure and financial services companies to dominate the issuance market (See *In the Pipeline*). Be it PSU disinvestment or private sector IPOs, success is only possible if the company fundamentals are good, combined with an offer price that the market thinks is attractive. If a couple of offers start quoting at a premium to the offer price, investors will be drawn. ◆

BE IT PSU DISINVESTMENT OR PRIVATE SECTOR IPOS, SUCCESS IS ONLY POSSIBLE IF THE COMPANY FUNDAMENTALS ARE GOOD

BETTING ON THE PRIMARY MARKET

FORTHCOMING ISSUES	AMOUNT EXPECTED
Initial Public Offers	42,540
Follow-on Public Offers	37,555
Offers for Sale	93,900
SME IPOs	76
Rights Issues	9,859
Qualified Institutional Placements	54,857
Total	2,38,787

in ₹ crore Source: Prime Database

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PRICKING WHERE IT HURTS

There has been an alarming rise in non-performing assets (NPAs) of banks in recent years, affecting their profitability.

Graphic by **Anand Sinha**

Research by **Jyotindra Dubey**

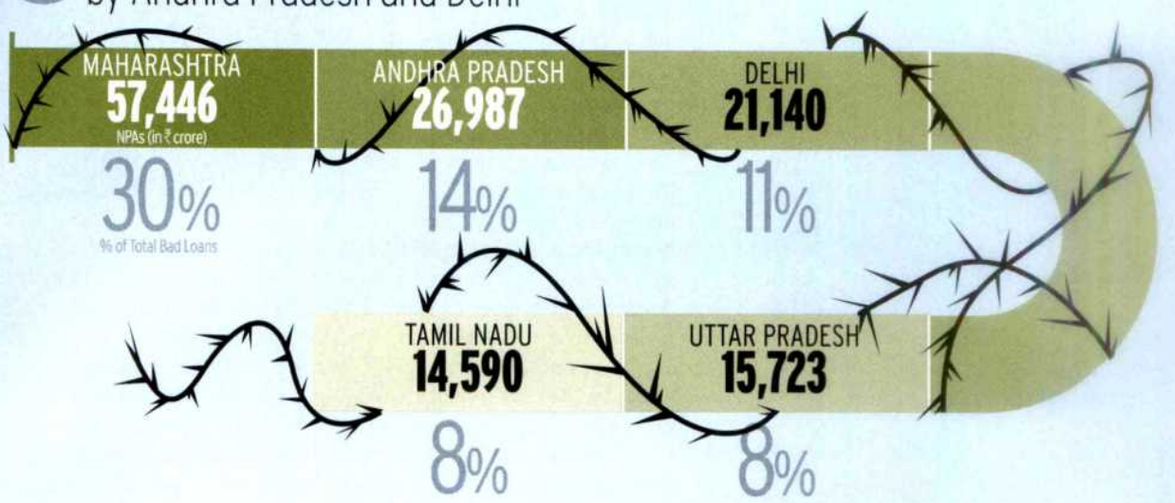
1 Bad loans in the books of Indian banks have risen nearly five-fold between 2008/09 and 2012/13

2 Public-sector banks are worse hit than their private counterparts

	2011/12	2012/13
PUBLIC-SECTOR BANKS	92,809	119,613
PRIVATE-SECTOR BANKS	9,874	12,883

Amount in ₹ crore

3 Maharashtra has the largest amount of bad loans, followed by Andhra Pradesh and Delhi

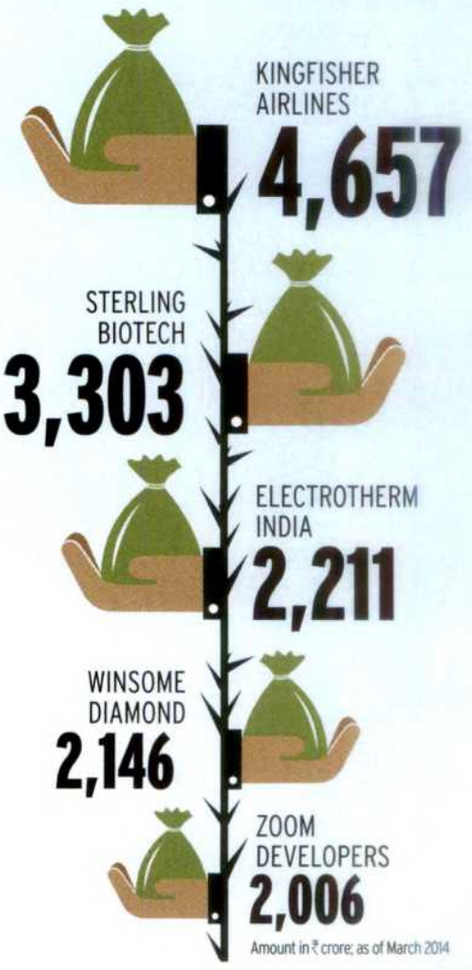


4 Over ₹1 lakh crore of bad loans have been written off between 2007/08 and 2012/13

BAD LOANS WRITTEN OFF BY BANKS	
2007/08	11,654
2008/09	15,995
2009/10	25,019
2010/11	23,895
2011/12	20,892
2012/13	32,218

Amount in ₹ crore

5 The top five NPA accounts



Amount in ₹ crore; as of March 2014

Picture Perfect

App Name: QuickPic; Free

This free-to-download app from Play Store imports all the images stored on the smartphone and shows them in individual folders on the home page. This is a fast app and comes in handy for those who have loads of images in their smartphones. The app also has an option to include or hide videos from the device. It offers all the usual features, such as multiple select, pinch and zoom, swipe to scroll and slide show.

A PICTURE APP, A POCKET CAMERA FROM CANON, AND ASUS'S LATEST DUAL-SIM TABLET

In the Pocket

The SX600 HS packs in an 18x optical zoom in a sleek plastic body that can be easily slipped into the pocket of your jeans. At 188 grams, it isn't heavy. The red plastic looks decent. The front is dominated by the lens while the flash is placed on the top edge that pops out. In addition, the top edge houses the shutter button release with a zoom ring around it and the power button. There is a large three-inch display at the back with various keys.

This camera packs in Canon's proprietary Digic 4+ image processor. The camera has a 1/2.3-inch CMOS sensor, the zoom has a focal length of 4.5 mm (wide) to 81 mm (telephoto), and f/3.8 aperture. It manages to capture good details when used during daylight. One has to ensure that it is held steady, otherwise it will result in blurry images. At night, it does a decent job, but isn't the best. It also captured images at 1080p resolution.

Compact

Price

Canon SX600 HS **Price:** ₹15,995

ASUS Fonepad 7 Dual SIM **Price:** ₹12,999

Value for Money

Price, display

Big to use as a phone

The Fonepad 7 looks very similar to its predecessors. The seven-inch IPS panel with 1280 x 800 pixels is surrounded by a thick bezel. The grey back has slight curves that don't quite complement the design. There is a 5 MP camera at the rear. Power and volume keys are housed on a side panel, while the two micro SIM slots and micro SD Card slot are at the other end. The tablet runs on Android 4.3 Jelly Bean OS. There is a notification tray giving access to toggles for Wi-Fi, mobile data, airplane mode, among others, and these can be customised as well. The Fonepad is powered by a 1.2 GHz Intel Atom Z2520 dual core processor and is paired with 1 GB of RAM. The tab is an average performer as we noticed a slight lag while switching between the running apps. It comes with 8 GB of internal storage, of which close to 5 GB is user accessible. This is a dual-SIM, voice-calling tablet with decent call clarity.

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Nirmala Sitharaman, *Commerce Minister, in a statement*

"... Bali gave us the first puff of wind in our sails in 20 years. If Bali falls apart... there is no question it will deal a major blow to the credibility of WTO"

Michael Punke, *US Ambassador to the WTO, to the* Financial Times

"A DECISION TO STEP AWAY WOULD BE IN NO ONE'S INTEREST. IT WOULD SERIOUSLY UNDERMINE THE ABILITY OF THE WTO TO DELIVER FOR THE FUTURE"

A group of 25 WTO members, including Australia, Canada, Pakistan, in a statement

"... There's a fear in India that if the subsidy is left behind now, it will be left behind forever. These assurances aren't enough"

Biswajit Dhar, *a professor of economics at Jawaharlal Nehru University in New Delhi, to Bloomberg*

"Rich countries have the historical habit of dragging issues of interest to the poor while pushing issues of their interest on fast track. This needs to be challenged"

Pradeep S. Mehta, *Secretary General, CUTS International (an NGO), and former member of the WTO's high-level panel on the future of trade, in* Mint

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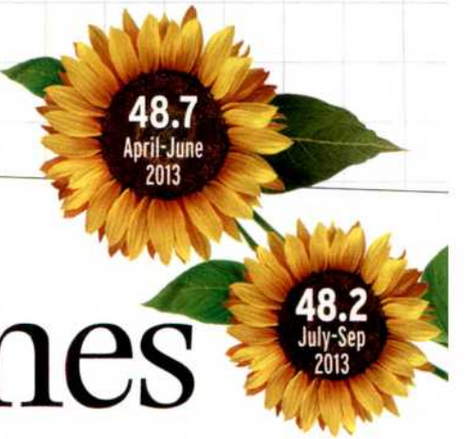
Business Confidence Index



Here Comes the Sun

With the government initiating steps to revive the economy, business sentiment has hit an 11-quarter high, finds the latest *Business Today*-C *fore* Business Confidence Survey. By MANU KAUSHIK

Unlike many corporate leaders, Ajay Kaul hasn't suffered the adverse impact of the slowing Indian economy. Kaul is CEO of the ₹ 1,763-crore Jubilant FoodWorks, which holds the franchise for Domino's Pizza and Dunkin' Donuts in India. The quick-service restaurant chain has performed consistently over the past three years with revenue growing at a compound annual rate of 37 per cent and net profit climbing more than 18 per cent. Kaul says business sentiment has improved since a Bharatiya Janata Party-led alliance formed the government in May. But he adds that it is too early to see any significant changes on the ground. "It will take two to three quarters for demand to pick up," he says.

Kaul may appear a little sceptical but a large number of business leaders in the country have clearly turned bullish in the past couple of months. The latest *Business Today*-C *fore* Business Confidence Survey shows an unprecedented jump in corporate sentiment. The survey for the April-to-June quarter found that, on a scale of 100, confidence level reached an 11-quarter high of 56.8 in the first quarter of 2014/15, up from 51.4 in the previous three months. Market research agency C *fore* quizzed 500 CEOs and chief financial officers across 12 cities for the survey.

After falling to new lows in 2013/14, business confidence began to improve from the January-to-March quarter of 2014 in anticipation of a stable central government. So what is driving the change in sentiment? That it is the formation of a new government with a historic mandate is a no-brainer.

Almost all parameters that constitute the survey, which was conducted shortly after the newly elected

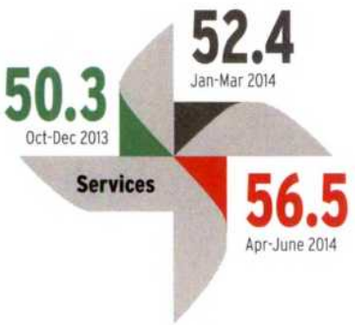
Narendra Modi government presented its first budget on July 10, show that businesses are more upbeat today than they were in the past three years. In fact, the index last reached a similar level (56.8) in the July-to-September 2011 quarter.

The survey shows that 68 per cent respondents expect the overall economic situation to improve in the July-to-September quarter. The comparative figure for the previous quarter was 23 per cent. Similarly, 62 per cent expect the overall business situation to get better in the current quarter. In the last quarter only 30 per cent did so.

Naina Lal Kidwai, Chairman, India and Director, HSBC Asia Pacific, too agrees there are early signs of economic recovery. These include industrial production surging to a 19-month high in May and exports growing at a double-digit pace in May and June. Also, foreign direct inflows at $3.6 billion in May were more than twice the amount received in the same month last year ($1.6 billion). "Various executive actions taken by the government to ease procedural bottlenecks, combined with progressive policy announcements in the first union budget, have significantly improved business confidence. This will lead to capital expenditure revival and drive higher growth over the next one year," she says.

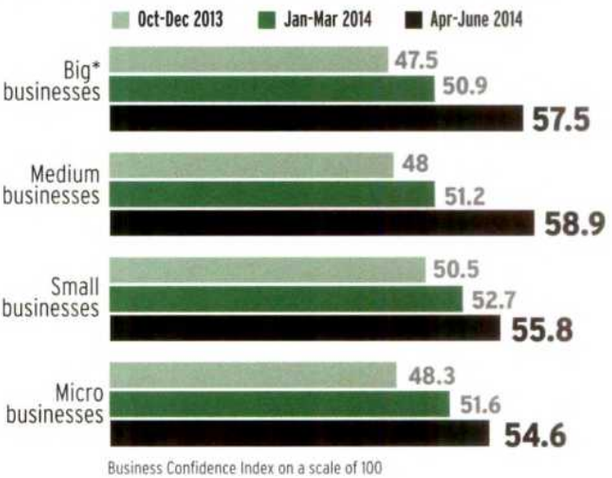
BCI BY SECTOR

All sectors have seen a major rebound



BCI BY SIZE

Businesses across the board are more hopeful than before



Business Confidence Index on a scale of 100

*Big businesses: Turnover > ₹500 crore
Medium businesses: Turnover ₹100-500 crore
Small businesses: Turnover ₹5-100 crore
Micro businesses: Turnover < ₹5 crore

"Meeting that [GDP growth] target depends upon how quickly the new government can remove the bottlenecks around land acquisition, environment clearances, labour reforms and coal availability"

D.K. JOSHI, Chief Economist, CRISIL

Corporate leaders also expect availability of finance and production levels to improve. For instance, 56 per cent respondents foresee better availability of finance in the quarter through September, compared with 32 per cent in the April-to-June period. Cost of external finance, however, remains an issue with only 46 per cent respondents expecting it to come down. D.K. Joshi, Chief Economist at ratings firm CRISIL, says finance cost will take some time to moderate because the Reserve Bank of India (RBI) is unlikely to cut interest rates until consumer price inflation eases below six per cent. Consumer price inflation was 7.31 per cent in June, below the RBI's target of 8 per cent by January 2015.

Alex Mathews, Head of Research at Geojit BNP Paribas Financial Services, says almost all businesses had to bear high borrowing costs and shortage of funds between 2008 and 2013. He feels that availability of finance will improve, especially for the infrastructure sector. "The budget has provided impetus to infrastructure financing and also the recent policy announcement [by the RBI] has given flexibility to banks to raise money for infrastructure lending," he says. On

ROSY OUTLOOK

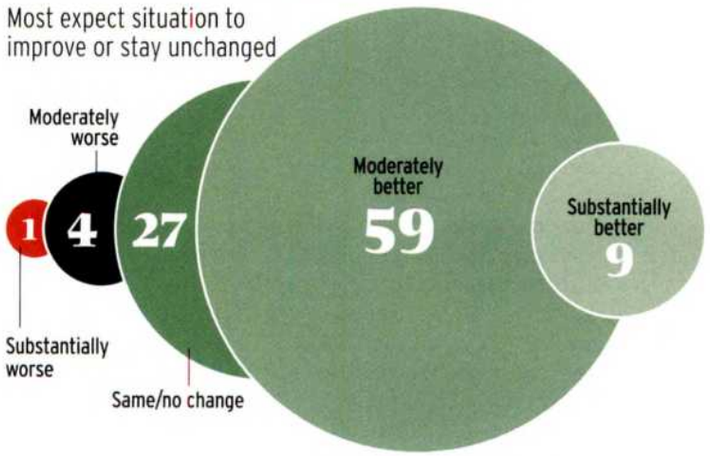
A majority of respondents feels the July-to-September quarter will be better than April-June

1. Economic Prospects Facing Businesses

Nearly three-fifths expect prospects to improve

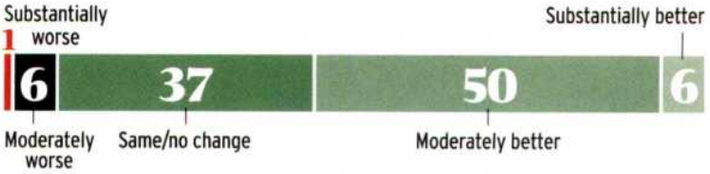
2. Overall Economic Situation

Most expect situation to improve or stay unchanged



3. Working Capital Requirement

More than half expect it to increase as economic activity revives



4. Availability of Finance

Similarly, more than half expect improvement here too

Figures indicate percentage of respondents

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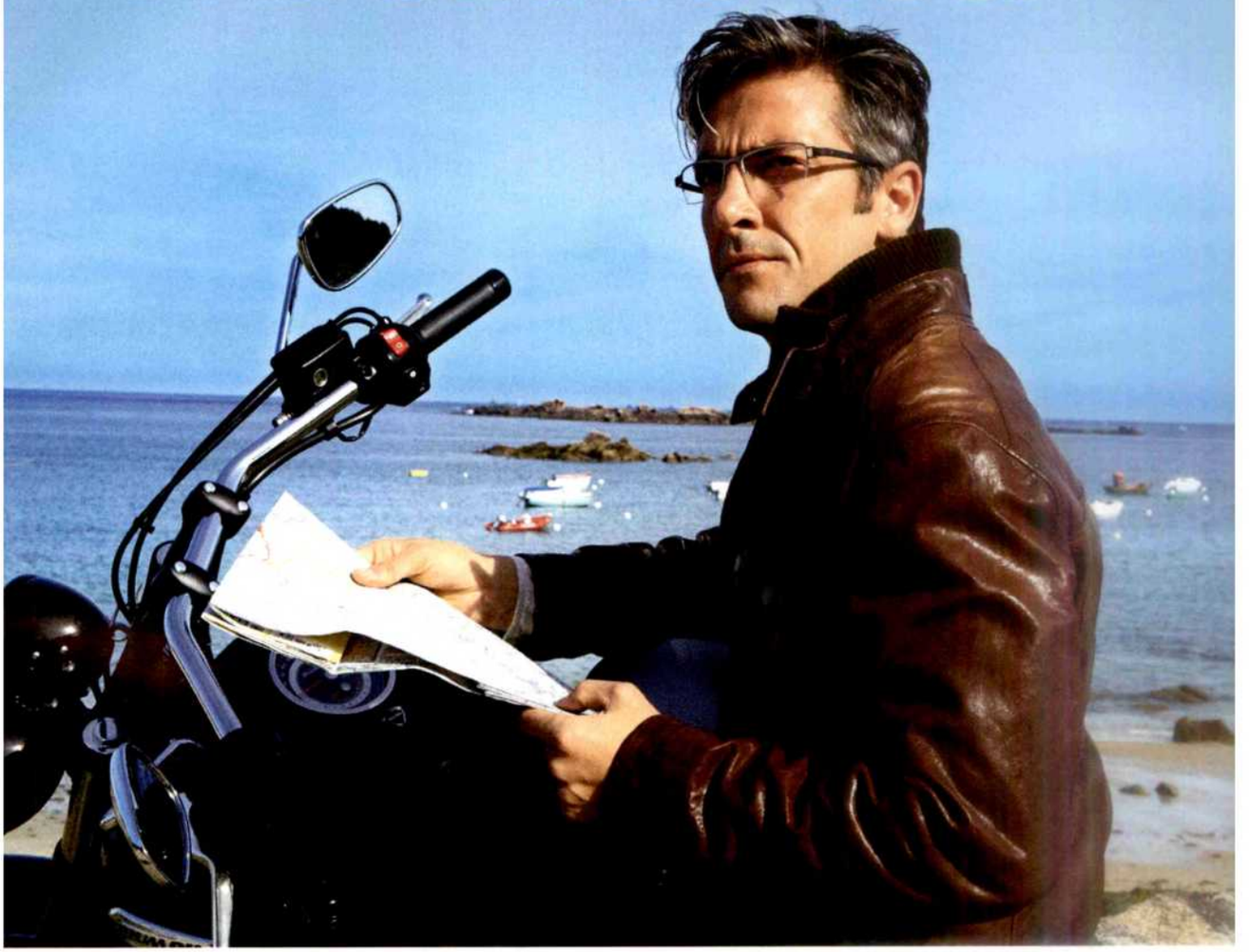

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July 15, the RBI exempted long-term bonds from the mandatory regulatory norms such as cash reserve ratio, statutory liquidity ratio and priority sector lending if the money raised is to be used for funding infrastructure projects and for affordable housing.

Most CEOs in the survey rated the first budget of the Narendra Modi government highly. On a scale of 1 to 5 (one is the lowest and five the highest), the average rating was 3.6.

The survey shows that demand and sales are likely to remain robust in the current quarter. Nearly two-third respondents expect demand for their products and services to go up in the July-to-September period. In the previous survey, 43 per cent respondents expected demand to increase in the April-to-June quarter.

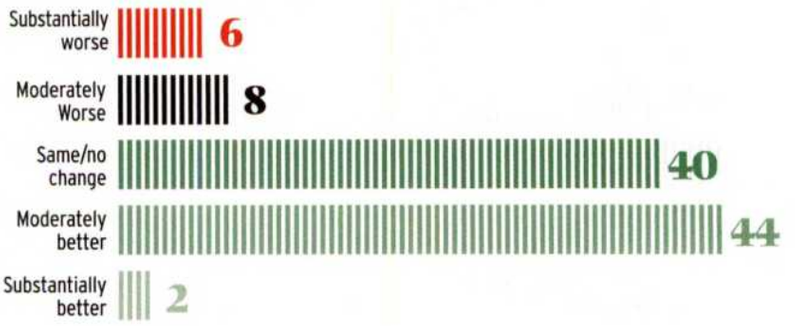
Analysts say that by increasing the income tax exemption limit for individual taxpayers, the budget has tried to leave more money into the hands of end consumers. Indranil Pan, Chief Economist at Kotak Mahindra Bank, says the biggest boost in sentiment has come from relatively lower inflation. "Consumer demand was partly hit due to high food inflation over the past few years. The inflation trend is reversing now," say Pan.

The survey also shows 58 per cent respondents expect the budget to spur fresh investment over the next quarter. Saugata Gupta, Managing Director and CEO of consumer goods company Marico, says that "in order to encourage investments, two things are important. First is a change in perception, which is already happening. Second is reaching a higher level of economic activity, which is a long-term process".

Kotak's Pan expects fresh investments to initially come from small- and medium-sized businesses. "Big-ticket investments may still not happen until the stickiness around inflation goes away," he adds. Even some large state-run companies are looking to invest. D.K. Sarraf, Chairman and Managing Director of state-run

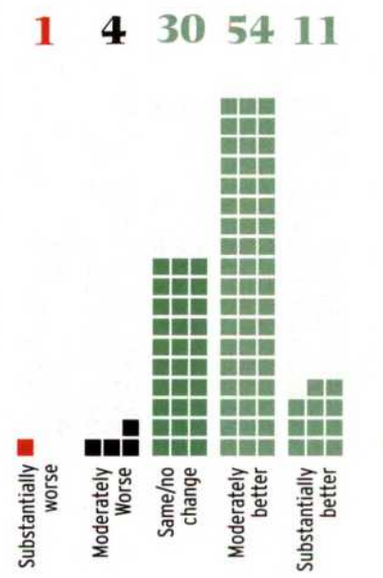
5. Cost of External Finance

Nearly half expect it to reduce



6. Order Book/Demand

Nearly two-thirds are bullish

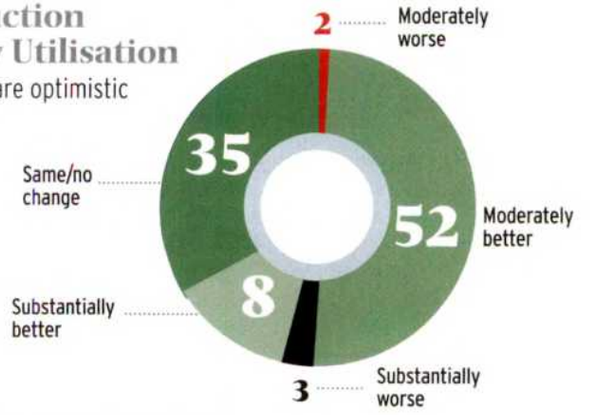


7. Supply Pickup

A majority expects improvement

8. Production Capacity Utilisation

Three in five are optimistic



Figures indicate percentage of respondents

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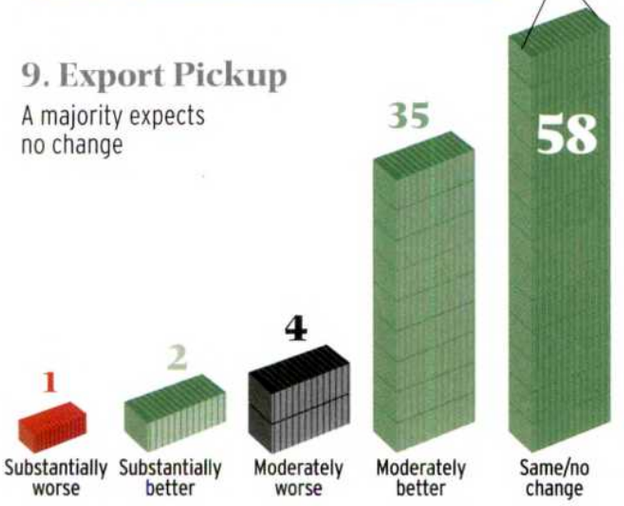
business today
Business Confidence Index

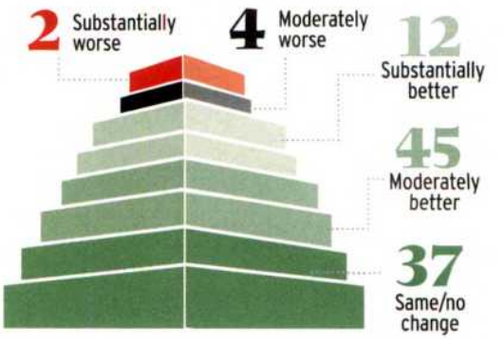
9. Export Pickup

A majority expects no change



10. Import Pickup

More than half forecast a rise in imports

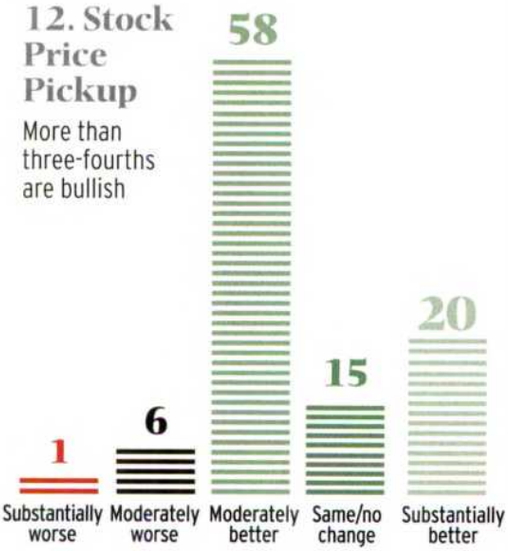


11. Hiring Pickup

Few are worried

12. Stock Price Pickup

More than three-fourths are bullish

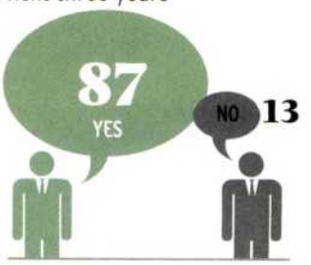


13. Investment

A majority feels the budget will spur fresh investment over the next quarter

14. GDP Growth

A vast majority feels it is possible to achieve the target of 7-8 per cent GDP growth in the next three years



Figures indicate percentage of respondents

15. Budget Rating

The first budget of the Modi government gets an above average rating on a scale of 1 to 5. (One is lowest, 5 highest)

3.6
Average Rating

METHODOLOGY

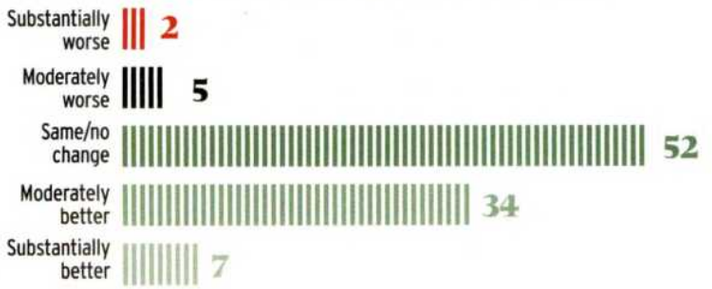
Market research agency C fore designed and conducted the survey. Field work was conducted in July 2014. A structured questionnaire was administered to the CEOs or CFOs of companies. In all, 500 CEOs or CFOs representing various industries, from companies of varying size, were interviewed. The survey covered 12 cities: Delhi, Mumbai, Chennai, Hyderabad, Bangalore, Kolkata, Chandigarh, Lucknow, Nagpur, Kochi, Visakhapatnam and Bhubaneshwar. Companies were segmented based on turnover and products. Those with a turnover of more than ₹500 crore were classified as big, those with a turnover of ₹100-500 crore as medium, those with a turnover below ₹100 crore as small, and those with a turnover of under ₹5 crore as micro businesses.

LITTLE CHANGE SO FAR

The April-June period was only slightly better than the previous three months, say most respondents

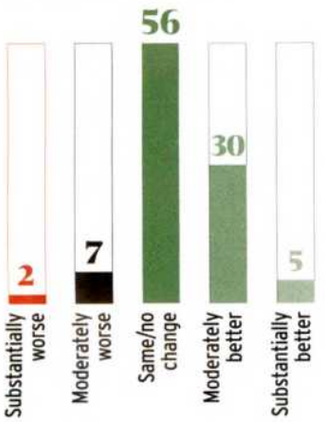
1. Overall Economic Conditions

More than half feel the situation has stayed much the same



2. Finance Availability

Only a little over a third feel the situation improved

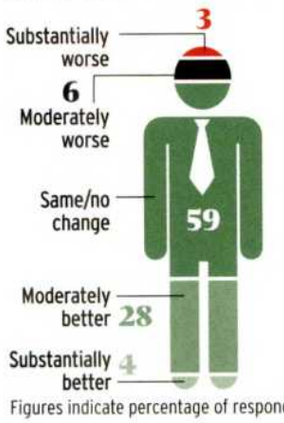


3. Demand Conditions

Just two-fifths saw some improvement

4. Hiring Situation

Nearly three-fifths saw no change



Figures indicate percentage of respondents

5. Profit Margins

About a quarter feel margins improved

"To encourage investments, two things are important: a change in perception... [and] a higher level of economic activity"

SAUGATA GUPTA, MD and CEO, Marico

Oil & Natural Gas Corporation, says "the government is committed to bring down the subsidy burden. If the subsidy burden falls, we will be in a position to make fresh investments. For us, several projects will become viable."

The survey also asked respondents that whether Finance Minister Arun Jaitley's target of achieving seven to eight per cent economic growth in the next three years is achievable. A thumping majority – 87 per cent – have responded in the affirmative. The Indian economy grew 4.7 per cent in 2013/14, according to government data.

Experts are sceptical. HSBC's Kidwai says achieving that growth rate is conditional upon on-ground implementation of plans and early introduction of pending reforms. CRISIL's Joshi concurs. He says many conditions need to be fulfilled to accelerate growth. "Meeting that target [seven to eight per cent] depends upon how quickly the new government can remove the bottlenecks around land acquisition, environment clearances, labour reforms and coal availability. These issues are plaguing the economy for a long time," he says. "Our forecast of growth is 6.5 to seven per cent in five years." ◆

@manukaushik

RAJ

"8% GDP growth in next two years is a pipe dream"

NIKI GOKANI
IIM Calcutta

AGREE

"Stretching optimism a bit too much"

The GDP growth rate cannot change instantly. India's GDP grew 4.5 per cent and 4.7 per cent in 2012/13 and 2013/14, respectively. According to the Economic Survey 2013/14, the growth rate is anticipated to be in a range of 5.4 to 5.9 per cent this fiscal year (2014/15). For quicker growth, low inflation, sustained farm growth, better industrial output, and conducive market conditions for investors are crucial. Many of these, in some way, depend on one another and, more importantly, need policy reforms.

A weak monsoon will likely hit agricultural growth. The expenditure of the exchequer will depend on global factors like crude oil prices, which are unaffected by the wave that seems to be blowing after the formation of the new government. Borrowing from Jim O'Niell, "... There is nothing India can do about these factors. It just needs to concentrate on what it can control and improve itself."

Even after assuming that global factors remain favourable, a growth rate of eight per cent in the next two years might be wishful thinking. This is because, one, the policy paralysis of the previous government will continue to affect for at least this fiscal year, till the new reforms percolate to the grassroots, and two, all the apparent positive sentiment around Prime Minister Narendra Modi, if it capitalises, will take a while to show effect. The Indian economy may be on the track back to glory, but eight per cent in two years is stretching optimism a bit too much.

PAWAN GANGWANI
IIM Indore, Mumbai Campus

DISAGREE

"Possible by implementing reforms"

Between 2003 and 2008, when the growth rate soared above nine per cent, a major contributing factor was private firms's capital investment, which rose to 17 per cent of the GDP. Currently, this value is 10 to 12 per cent. The reason for the slump was the inability of the then government to bring in reforms due to coalition politics, which is not a case with the present government.

The new government's recent steps like raising the FDI limit in insurance and defence sectors, allotment of ₹7,000 crore to create 100 smart cities, target of constructing 8,500 km of national highways, and a high-speed rail network are directed towards making India an investment destination.

Most of these actions are targeted towards creating better infrastructure, boosting economic growth and creating jobs. The recent revision of the tax-free income slab and investment limits in tax-saving instruments for individual taxpayers is directed to boost domestic savings. Currently, savings are 26 per cent of the GDP, which is the lowest in nine years. Also, once inflation, which was 7.31 per cent in June 2014 compared to an average of 9.54 per cent during 2012 to 2014, comes down to a reasonable level, the RBI can reduce interest rates. This will make more money available to businesses to increase domestic production. By implementing these reforms effectively, GDP growth can be brought back to eight per cent in two years.

The debate continues online. Management students, do log on to *www.businesstoday.in/bschooldebate* and record your views as well, to make this an intellectually stimulating endeavour. The most well-thought-out comment wins a year's subscription to *Business Today*. Karan Sood of Symbiosis Institute of Business Management, Pune, win's a year's subscription for his comment on Flipkart-Myntra merger debate

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HERE'S LOOKING AT YOU, INDIA

Why Sheryl Sandberg continues her love affair with this country.

By SUNNY SEN

INDIA SO FAR

Revenue* (2013/14)
$120-150 million

Monthly Active Users
100 million

Mobile Active Users
84 million

Daily Active Users (DAU)
45 million

DAU on Mobile
36 million

Feature Phone Users
66 million

Source: Company; *industry estimates

When Sheryl Sandberg was in the sixth grade, she took part in an oratory contest, standing on a stool to be able to look over the lectern. The other participants were much older, but Sandberg managed to connect sufficiently with the audience to finish second. Later in life, she refined that natural ability through formal and informal training, and through ingenious methods like aerobics – that last one taught her, as she told *Time* magazine, to smile even when she did not mean it.

All her skills were at display on July 2, when she spoke to a predominantly female audience at the Oberoi in New Delhi. The voice modulation, at times dropping to a whimper, was pitch-perfect, the pauses were eloquent, and the hand gestures, made with bent fingers, struck a chord. She owned the stage like few can. Even off it, she charmed everyone who came up to her, squeezing her shoulder blades with a little shake of the head each time she radiated a smile.

She connects.

VIVAN MEHRA/www.indiatodayimages.com

SHERYL SANDBERG
Chief Operating Officer, Facebook
"Our objective is to connect the world and a large thriving ad business helps us meet that objective"

SANDBERG'S LIEUTENANTS IN INDIA

They helped grow the India market to become Facebook's second largest by users

KIRTHIGA REDDY
Head of Sales, Facebook India:
Set up the community operations centre in Hyderabad. Was made head of sales last year. Responsible for all sales, except from SMBs (small and medium businesses)

SACHIN RAO
Head of SMB, Facebook India:
Leads the entire sales business with SMBs in India. Gets SMBs on the Facebook platform and helps them use the medium better

ANKHI DAS
Director, Public Policy, Facebook India & South Asia:
Works with the government on opening up the Internet ecosystem, and on privacy and data security issues. Works with regulators globally

KEVIN D'SOUZA
Head of Growth & Mobile Partnership, Facebook India:
Leads growth of the platform and users, and establishes relationships with partners across the mobile ecosystem

Her arrival at Facebook, on March 24, 2008, would therefore seem predestined: the world's largest human network got the COO who connected easily with people. Her boss Mark Zuckerberg has gone on record to say there are few like her who combine IQ (intelligence quotient) and EQ (emotional quotient) in a single package.

But to Sandberg, it goes beyond the smiles, hand gestures, and squeezed shoulders. "Why do we let children die of unclean water all over the world? Because we do not know who they are. If we saw their names and saw their faces, we would not let that happen. It is really hard to shoot [anyone] if you know who they are," she says in an interview with *Business Today*.

Real identity was what drew her to Facebook from Google, where she was vice president of global online sales and operations. "[Facebook] wanted you to put your real name and your real picture.... I think Facebook is by far the world leader in real identity. Everything else is based on usage – it's different. Every connection I make on Facebook is me."

Peace on Facebook is an initiative that stems for this belief. "It shows real time connection with real people in

FACEBOOK IN INDIA: DAZZLING GROWTH

Since Facebook opened its first office in this country in 2010, it has grown

TILL-2010
Site managed by International growth team in the US. Komli Media was the third party media agency for Facebook in India

komli

2010
Facebook India office launched in mid-2010 in Hyderabad. Kirthiga Reddy joins as first employee. **July 15:** A team culled from different international offices helps set up operations. At the time Facebook had 8 million users in India

2011
India office starts an SMB unit. Starts partnering with mobile operators to offer Facebook on mobile. Ankhi Das hired for Public Policy. A Global Sales Reporting unit set up which does back office work for clients in India and overseas

2012
Contracts with Komli Media renewed. Facebook on mobile fully launched. Also starts Facebook for feature phones. Has 71 million users by now

parts of the world that have historically been at odds." India and Pakistan. Israel and Palestine. Turkey and Greece. Serbia and Kosovo. "You watch it and every second two real people have connected in these regions. I really believe that real identity and technology change human condition."

Her rendezvous with India – a country with a lot of people eager to connect with a lot of other people – would also seem predestined. She came here many years before Facebook was born, working on a World Bank leprosy project from 1991 to 1993. There was no Internet, and the Oberoi Hotel in New Delhi, where she stayed then, had one of the few treadmills the country had – rickety, but a treadmill all right.

By the time Facebook set up its India office in 2010, the world had changed. India had 750 million mobile phone users, more than any other country bar China, and 200 million Internet connections. Sandberg had moved far beyond leprosy. And your neighbourhood gym had half a dozen treadmills that showed you your heartbeat and calories burned.

But these data provided as much of a challenge as opportunity. The biggest of which was that India, despite its love for software and computers, had fallen hook, line and sinker for the mobile phone.

It mirrored a global trend. Mark Zuckerberg, Facebook's hoodie-wearing founder, announced a shift to mobile in the middle of 2012. The shift was not easy on Sandberg; she headed operations and it would mean a hit on revenues. But Zuckerberg was sure.

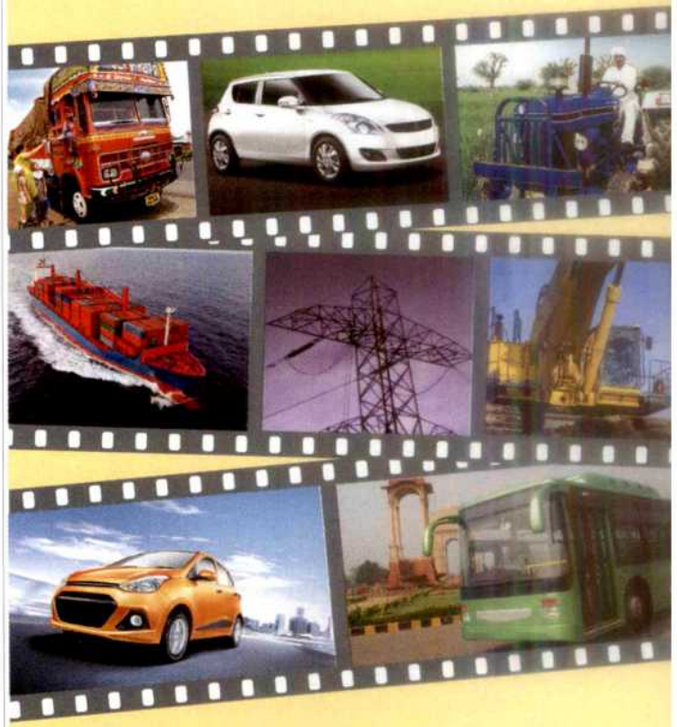
He used to review products by looking at screen shots. Before the shift, engineers showed him desktop shots. Now they had to bring mobile screen shots. There were hardly any mobile product engineers inside Facebook. "We took almost all of our engineers – 600 of them and placed them in training boot camps," says

more than 12 times

2013
Sets up Mumbai sales office. Kirthiga Reddy shifts to Mumbai. Also sets up Gurgaon sales office. Facebook launched in nine regional languages

2014
groupm
Enters into an agreement with ad and marketing firm GroupM. Reaches 100 million customers

No second thoughts about India's first choice of Lubricants*



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INDIA CALLING

How Facebook is embracing the mobile ecosystem.

2011

Enters into partnerships with mobile operators to enable users to download the Facebook app and surf the site **for free**

2012

Engages with more mobile makers to put Facebook on phones. Works with **Mediatek** to embed the Facebook app while chips are being developed for **feature phones**

2013

FEB: Partners with 18 mobile operators in 14 countries to provide free or discounted data access to Facebook messaging. In India partners with Airtel and Reliance

MAY: **Nokia 501** launched with Facebook embedded in it

DEC: On Airtel, offers Facebook in nine regional languages

2014

MARCH 2014: Launches Facebook for All, offers free Facebook for 60 days on Aircel. Facebook users on mobile reach 84 million.

APRIL 2014: Starts **Sabse Sasta Facebook** for just ₹1 for a day on Uninor. Launches similar plans with other operators

Sandberg. Facebook no longer has a PC engineering team.

The inevitable loss of revenue came soon after. The right hand side panel on Facebook, which flashed advertisements, was not there on mobile. Those ads were a big, established business. Yet they were done away with. Now advertising would be only as newsfeed. To move every client – there were many of them – to the new format was time-consuming and needed persuasion. "We moved aggressively and we really helped them see newsfeed," says Sandberg.

Today, she says, Facebook is the best mobile ad product in the world. In the US, it commands more mobile time than its next seven to eight competitors put together, including LinkedIn, Twitter, Yahoo! and Snapchat. "I think if we had not pivoted to mobile we would have been over."

The change was faster in India, where mobile Internet, already more popular than Internet on PC, was racing further and further ahead. And why only the PC, the average user here spent twice the time on her mobile than on watching television. Facebook activation on mobile burgeoned.

Sandberg thought it fit to build an operations centre here, one of just four around the world. Kirthiga Reddy became Facebook's first India employee. Kevin D'Souza came from Microsoft to grow the user base.

The problem was that a large chunk of the mobile phones in India was feature phones, which is what they call low-end phones that do no more than voice calls, text messages, and some rudimentary internet surfing. They have none of the frills of the so-called smartphones. Facebook acquired Israeli company Snaptrue, which made software that made feature phones more compatible with usage like Facebook.

D'Souza forged partnerships with mobile phone makers to embed Facebook into their handsets. Nokia Asha 205, as much a feature phone as they come, was the first with a Facebook button in December 2012. Soon there would be partnerships with mobile operators to launch free Facebook, which segued into Facebook for ₹1 by Uninor and Airtel. With Ericsson and chipmaker Qualcomm, work started to optimise data usage. It became possible to open a Facebook account on the basis of just the mobile number, an email account became unnecessary.

In September 2010, when Sandberg opened the India office in Hyderabad, Facebook had recently crossed 8 million active users here. By June 2013, a year after they went mobile, total users had vaulted to 82 million, 75 per cent of those mobile. The user number crossed 100 million in March this year, 84 per cent on mobile. India is now Facebook's second largest market by users, next only to the US and Canada, which have a combined 201 million.

Clearly, Facebook has cracked the mobile conundrum in India. But the money conundrum remains. For all its users, Facebook's India revenue, according to advertisers and industry experts, is somewhere between $120 million and $150 million in 2013/14. It has grown 12 times over the past year, but remains minuscule in comparison to the $3.6 billion dollars it makes in the US (in calendar year 2013).

Not for long, believes Sandberg. "India has 1.2 billion people, with the fastest internet penetration increase in the Asia Pacific... We take a long-term view of things and the investments in the ad market here is very important. In the long run we will more than cover our cost. In the long run I think [India] will be an extremely profitable market."

In India, the digital advertising market is small, just over a billion dollars, and more than half of that is with

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THE NEW AD ALTERNATIVE

How companies in India have started using Facebook as an optional marketing tool

BRAND: NOKIA
GOAL: Drive awareness and sale of Lumia phones
SOLUTION: Carried out a one month campaign on Facebook from October to November. In Diwali came up with a buy back offer
IMPACT: Sold 18,420 devices directly through the Facebook ad, 54 times return on ad spend, 15 per cent increase in the adoption rate of the devices by people exposed to the ads

BRAND: TATA DOCOMO
GOAL: Raise awareness of its online store, encourage online buying of services
SOLUTION: Used a mobile reach block to ensure the ad featured in mobile news feeds. The ads showed products that could be delivered at users' doorstep
IMPACT: 2.3 times increase in postpaid connection orders, 10 times increase in mobile transactions when mobile reach block was used

BRAND: UNILEVER VASELINE
GOAL: Regenerate stagnant Lip Therapy market
SOLUTION: Engaged Millward Brown to conduct a study of Indian users on Facebook to find out brand sentiment and purchase intent. Promoted videos/ photos targeting women between age of 14 and 24
IMPACT: 8.4 per cent increase in online ad recall, 18 percentage point increase in purchase intent

BRAND: GARNIER MEN
GOAL: Drive brand association
SOLUTION: First such concept. Making a blank call to a number given on Facebook news feeds won the caller one of a range of options – meeting with Rajasthan Royal players, winning IPL tickets, cricket related merchandise
IMPACT: Got 16 times more calls than from ads in all other digital and print media combined. Sales rose 2.5 times y-o-y

BRAND: GILLETTE
GOAL: Promote new Vector 3 razor
SOLUTION: Created feature phone ad targeting men in tier 2 cities, ran ads on the Facebook News Feed only on feature phones
IMPACT: Reached 60 per cent of its target audience, got a four point lift in its message recall rate, at a cost of just two cents (12 paise) per person

Google. But digital is growing at three times the speed of the overall ad market. "Digital is no longer a niche medium. It is a lead medium. Conversations [with clients] start with digital these days," says C.V.L. Srinivas, CEO of ad firm GroupM, which recently signed a contract with Facebook.

This is where Sandberg's faith in real people, real identities, and real connections can, apart from furthering the cause of world peace, yield money and profits. After all, to some, real people also mean real customers or real business partners.

This is the era of mass customisation. The oxymoron marketing strategy is not really new. Levi Strauss tried it in the 1990s, without spectacular success, but it is catching on now on the back of burgeoning online technologies. So if you want to order a dress online, you can first send it to your friends on Facebook and redesign the dress according to their suggestions. Many see mass customisation as the future of retail. And Facebook can point to potential customers based on their interest, location, age, and sex. That many of its users are on mobile would mean a closer proximity.

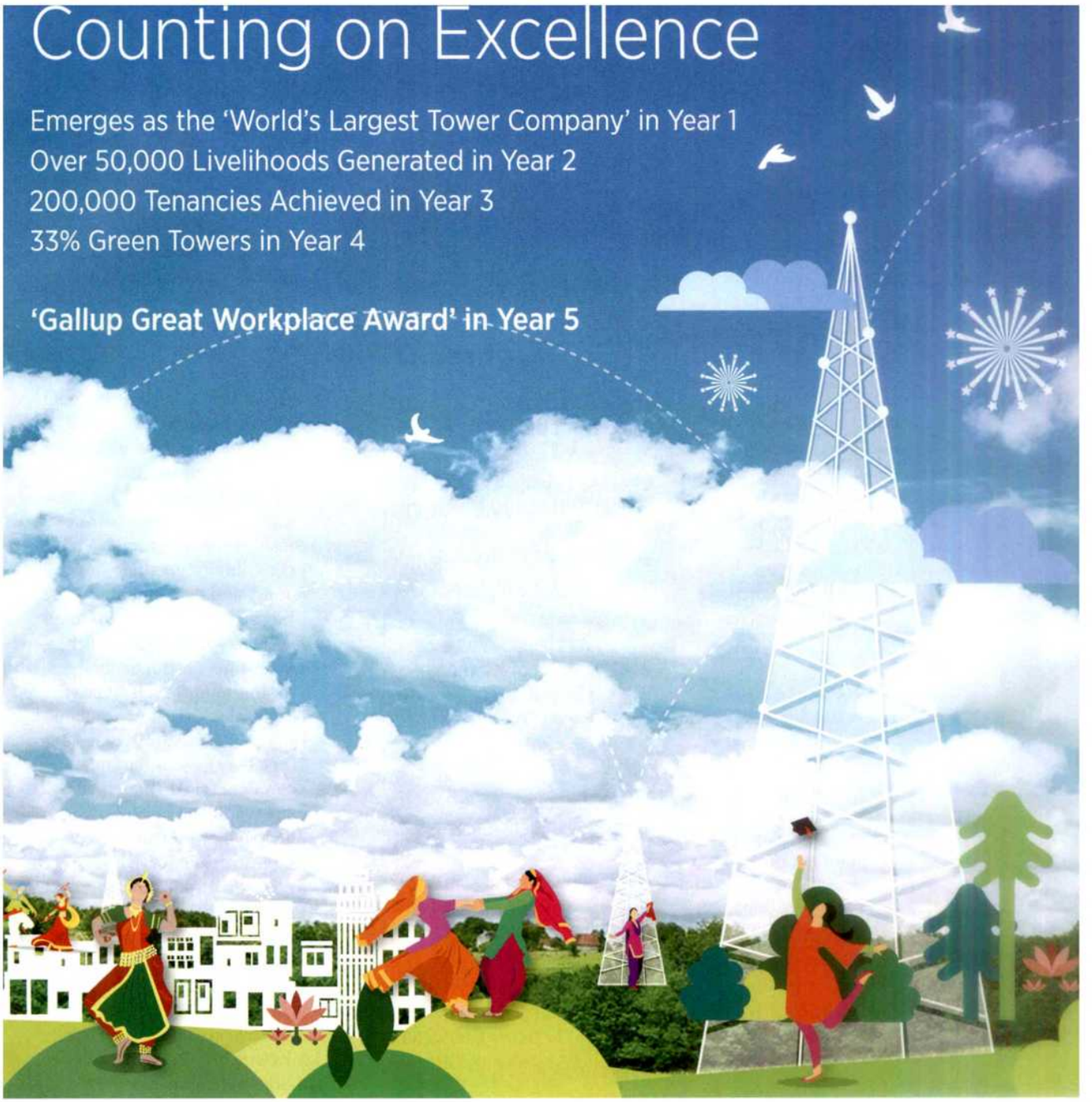
Ratan Jalan, the founder of Medium Healthcare Consulting, a health-care firm which runs The Birthplace, a concept of giving birth to babies in a premium atmosphere, targeted mothers-to-be who were using Facebook on high-end smartphones and who liked designer brands. "We have over 20,000 fans and 60 per cent of our business comes from Facebook," he says.

Travel site Yatra.com earns $24,000 every month from leads generated from Facebook, apparel and accessory designer Chumbak gets 28 per cent of its online revenue. Online lingerie boutique Zivame has

Counting on Excellence

Emerges as the 'World's Largest Tower Company' in Year 1
Over 50,000 Livelihoods Generated in Year 2
200,000 Tenancies Achieved in Year 3
33% Green Towers in Year 4

'Gallup Great Workplace Award' in Year 5



The prestigious Gallup Great Workplace Award globally recognizes organizations for their extraordinary ability to create an engaged workplace.

On winning this coveted award,
Indus joins an elite group of 36 global companies...

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As We Connect a Billion Aspirations.

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seen 80 per cent repeat customers in the six months since it got associated with Facebook. There are 900,000 Indian small and medium businesses active on Facebook.

The big boys are not far. Facebook is already integral to some of Coca-Cola's campaigns and all of Nokia's. Sandberg met Hindustan Unilever, Procter & Gamble and Tata Group when she was in India. "I spent some time with a few of our largest clients... we are helping all of them grow their businesses and we can do so much more."

While Facebook awaits its gravy train in India, it may have already won the battle for mind space, if this year's Parliament elections are to be taken as evidence. Activist voters and candidates leveraged social media like never before. Prime Minister Narendra Modi, an adroit user, is the second most popular person on Facebook, with 19.5 million followers, next only to American President Barack Obama.

Sandberg met Modi when she came to India. "Being an avid user of social media myself, I talked [with Sandberg] about ways through which a platform such as Facebook can be used for governance and better interaction between the people and governments. I also talked about how Facebook can be used to bring more tourists to India," Modi said on his timeline, next to a picture of him and Sandberg.

That would be music to Sandberg's ears. She did a stint with the US treasury department, under Larry Summers when he was the treasury secretary, and rose to become his chief of staff. Many expect her to return to public life some day, or at least suspect her of harbouring that sentiment somewhere inside. But the bigger music would be the appreciative cheers emerging out of the stock markets.

Sandberg is seen as one of those people who seem to have everything: a good job, a good family, and pots of money. The one blot on her has been Facebook's initial public offering and listing on the exchanges. Coming amid much hype, the IPO, in May 2012, was a damp squib. The stock, priced at $38, kept falling for months. Investors were concerned that the company would not be able to make much money from mobile advertising. Soon after, Zuckerberg got to work with his mobile screen shot reviews.

As this article was being finalised, the Facebook stock was trading at an all-time high of $76, valuing the company at close to $200 billion. Only Apple, Google, Microsoft and IBM were ahead on market capitalisation.

The boost to shares came after Facebook declared a surge in mobile advertising revenue. Somewhere in that number, the hand of mobile-obsessed Indians could be seen. And Sheryl Sandberg could be thinking of the country where her thoughts were once occupied by leprosy, perhaps while working out on a rickety treadmill. ◆

@SunnySen

HIGH ACHIEVER

Currently second-in-command after Mark Zuckerberg. Heads all business operations of Facebook

Graduated in economics from Harvard University in 1991

Worked in India with the World Bank, 1991 to 1993, on leprosy

Worked as management consultant with McKinsey

Was handpicked by Larry Summers, then US Secretary of the Treasury, to work for him. She rose to become his chief of staff

Joined Google in 2001 as Vice President of online sales, stayed till 2008. At Google, built the complete online sales channel for all consumer products. Also launched Google.org, Google's philanthropic arm

Met Mark Zuckerberg at former Yahoo COO Dan Rosensweig's house party in 2007

Married to David Goldberg, CEO of SurveyMonkey, has a son and a daughter

Has a net worth of more than $1 billion

Wrote the global bestseller *Lean In: Women, Work and the Will to Lead*

Is the only woman on Facebook's board

Short-term savings? Or long-term gains?
The choice is simple.
HINDALCO

INTERVIEW WITH SHERYL SANDBERG

"THE NEXT BILLION IS GOING TO COME FROM HERE"

SHEKHAR GHOSH

SHERYL SANDBERG, Chief Operating Officer of the world's largest social media platform, Facebook, has 100 million users in India. She wants a billion more. For that she is willing to make specific investments here, as Facebook did by going big on feature phones. WhatsApp, the messaging application Facebook acquired for $19 billion, has 10 per cent of its users in India. Sandberg spoke with **JOSEY PULIYENTHURUTHEL** and **SUNNY SEN** in New Delhi about India's stellar presence in the Facebook sky. Edited Excerpts:

What is Facebook to Sheryl Sandberg?

Facebook is the power of technology behind real people, real identities. I am old enough, more than many people in Facebook are. I remember when the Internet... I was here before the Internet... It was unthinkable to put your real identity on the Internet. I believe that if we knew everyone and if everyone was connected, there are only real people with real identities. Real identity is such an important part of it.

How much of that is Facebook?

Obviously, it is not one company and there are many companies who have worked on it. But I think Facebook by far is the world's leader in real identity.

How has your definition of the Internet changed since you left Google?

I am a big believer in Google, what it has done and what it continues to do. When I was at Google, I started and ran a bunch of operations. The reason I went to Facebook was real identity. Facebook wanted you to put your real name and your real picture. Why do we let children die of unclean water all over the world? Because we do not know who they are. If we saw their names and saw their faces, we would not let that happen. It's really hard to shoot [someone] if you know who they are.

Is it causing a dent in any way to the biggest problems of the world?

I think so. There is a lot to do in the world, and I don't think Facebook, or one company, or one person... but you know there are so many great stories of things that happen. My great-grandfather had a paint store. He would notice some paint chipping, and his marketing was that the paint was chipping so it was time to come and buy a can of paint. It was very personal. And

then with the advent of mass media, with radio and TV, people did mass marketing. And mass marketing is one message to a large number of people that speak in one way. That is very different from personalised message where there is two-way dialogue. We do personalised and we do it two-way. Everything on Facebook is two-way.

How important is India to you?

It's really important. This is our second-largest market. We have 100 million users... but here there is another billion people who can come online. We only have four global operation centres and one is here. So we are doing work which is contributing to the India market and to the world.

What does all this mean for Facebook?

Our ambition is to connect the world. A huge part of the world is here. Our mission is to connect businesses and tons of businesses are here. It's an integral part. The India I knew in 1991 and the India I know today, it's unbelievable and you wouldn't have predicted. India is a huge part of the global economy and has a huge potential to continue to grow.

> "This [India] will definitely be our biggest market – depends on how quickly people get online here – for people"

Do you think this can be your biggest market by users?

I think in the current trajectory this will definitely be our biggest market – depends on how quickly people get online here – for people. Obviously, feature phones are big here and we have worked hard to make our products available on feature phones. We have now had advertising campaigns that have gone on feature phones.

Why was there a pivot to mobile?

Mark [Zuckerberg] has said if he had started Facebook three years later, it would have been a mobile company. It would never been a desktop company. We were a desktop company and we saw the people move. Here people just skip the desktop and move to mobile phones. So it is quickly becoming the way they consume content, that's the way people consume media, that's the way people connect. We would not be where we are if we continued to build for the desktop.

> "In the long run we will more than cover our cost. In the long run I think it [India] will be an extremely profitable market"

Was there an Aha! moment?

We were watching the usage and the numbers and it was so fast. However fast it was every week and every month, it was faster the week and month after... and it made sense. We don't have a PC engineering team anymore. We took almost all of our engineers – 600 of them – and placed them in training boot camps.

Is it Facebook's ambition to be the worl targeted-ad

Our objective is and a large t helps us me Certainly we a

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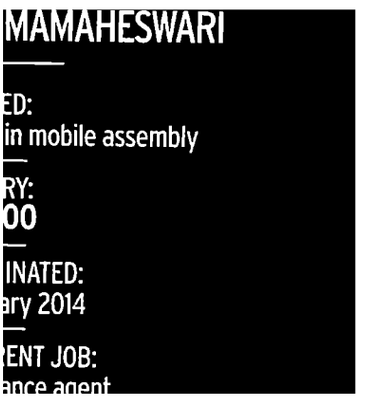
By GOUT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the time," says a former Nokia executive who does not want to be named. "Nokia wondered how it could make this a six to seven million a month market. The answer was local manufacturing." An Indian facility meant lower logistics costs, less time to hit the market, more flexibility. No longer would executives have to get in touch with the China factories for small design changes which took nearly three weeks to be executed and products shipped.

2004/05: Go, Get Nokia

When Nokia revealed it was scouting for a manufacturing destination in India, many state governments – Haryana, Andhra Pradesh, Uttarakhand, Karnataka and Maharashtra, along with Tamil Nadu – competed to woo it. Nokia was then the world's largest mobile phone maker. Tamil Nadu moved the fastest and won the race. Chief Minister J. Jayalalithaa saw the news clippings and is said to have commanded her babus: "Go, get Nokia." Within two days of Nokia's announcement, Tamil Nadu officials were in Delhi, making a presentation before its executives.

Sure, Tamil Nadu's alacrity was not the only reason it won. Sabyasachi Patra, who handled Nokia India's relations with the government between 2005 and 2011, explains why Sriperumbudur was finally chosen. "Quick access to an international airport was an important condition since phones are low value, high volume products," he says. "Chennai airport was only 33 km away." Uttarakhand and Andhra Pradesh promised to build international airports, but no one at Nokia believed either would be able to do so quickly. (Hyderabad did not have its new airport then; that happened only in 2008.) Maharashtra lost out because of traffic congestion in Mumbai and Karnataka due to Bangalore's poor infrastructure. But Patra acknowledges the Tamil Nadu bureaucrats' role. "They made a good presentation," he says. "That kind of dialogue was not happening elsewhere."

Just what kind? One of the bureaucrats involved in the discussions throws some light. "We understand the minds of investors," he says. "Never say 'No problem' to them. That sort of smugness plants doubts." It also helped that the leading political parties of the state united to welcome Nokia. "The reason Tamil Nadu got the plant was the strange, combined support of both Dayanidhi Maran of the DMK (Minister of Communications and IT at the Centre at the time), Jayalalithaa of the AIADMK who was chief minister, and the Congress which led the ruling coalition at the Centre. It had everybody's blessings," the former Nokia executive says.

Nokia signed a memorandum of understanding with the Tamil Nadu government on April 6, 2005, to set up the plant in the Sriperumbudur Special Economic Zone (SEZ). It invited seven of its ecosystem partners to invest. Production started in 2006.

2006/12: Benign Capitalism

The factory quickly exceeded expectations. Nokia initially committed to an investment of about $150 million for five years. Its cumulative investment now is $300 million. "Nokia went way above what it had promised," says the former executive. Initially, the plan was to make three to four million phones a month and export to neighbouring countries. Nokia ended up producing 15 million phones a month and exporting to over 80 countries. It was one of the largest foreign exchange earners in the technology sector, exporting phones worth more than $2 billion a year. Nokia India's overall turnover totalled ₹151,000

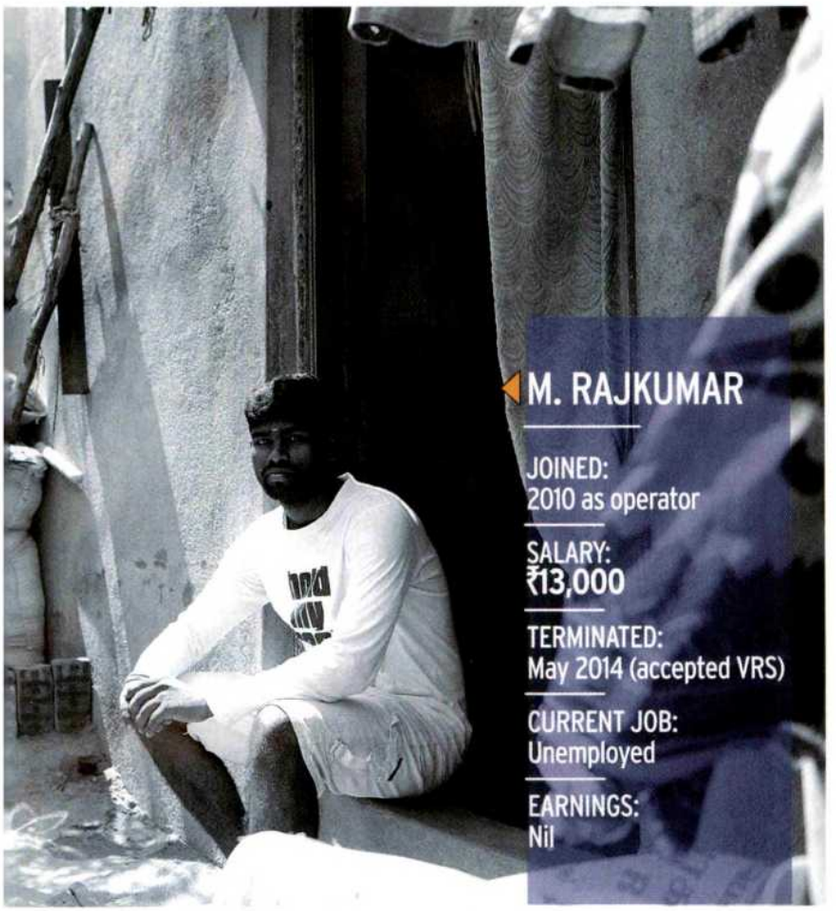
BADLY HIT

Nokia's volumes and market share have dropped sharply

	Shipment Volume (2013 Q1)	Shipment Volume (2014 Q1)	Market Share (2013 Q1)	Market Share (2014 Q1)
Samsung	109.3	108.9	25.3%	24.3%
Nokia	**61.9**	**50.5**	**14.3%**	**11.3%**
Apple	37.4	43.7	8.7%	9.7%

Source: IDC Worldwide Mobile Phone Tracker, April 30, 2014

For a more detailed story, go to
businesstoday.in/nokia-chennaiunit



M. RAJKUMAR

JOINED:
2010 as operator

SALARY:
₹13,000

TERMINATED:
May 2014 (accepted VRS)

CURRENT JOB:
Unemployed

EARNINGS:
Nil

crore between 2005/06 and 2011/12.

Around 72 per cent of the Nokia plant's employees were women. Indeed, the job with Nokia transformed the lives of many of the women, most of who were from poor families – young high school pass outs taking up their first jobs.

Take R. Rajalakshmi, 27, who joined Nokia as an operator in July 2006. She started on a salary of just ₹3,400 but by 2013 was earning nearly six times as much. She won company awards in 2010 and 2012 for her excellent performance. Her income funded the education of two brothers. It also enabled her to buy a plot of land in the temple town of Thiruvallur where she now lives. Or take P. Umamaheswari, 21, who was working as an insurance agent after finishing high school and who joined the factory in August 2012 as a contract employee. She drew a monthly salary of ₹6,200, enough to buy 16 grams of gold within a year, and get a borewell dug at her home.

The plant's success attracted attention. The then prime minister Manmohan Singh, United Progressive Alliance Chairperson Sonia Gandhi, and seven union ministers, including P. Chidambaram and Dayanidhi Maran, visited in August 2007. "They spent about three hours. Chidambaram played interpreter. Sonia Gandhi was very keen to know about working conditions and salaries and how the women were trained," the former Nokia executive who hosted the ministers, says. Academics were impressed too. Robin Jeffrey, research professor at the National

NOKIA IN INDIA

Incorporated:
May 23, 1995

Nokia's cumulative investment:
$300 MILLION

Nokia Finland's initial investment in 1996:
₹24.5 CRORE

Cumulative turnover (2005/2006-2011/2012):
₹1,51,000 CRORE

Total purchases from third parties (2006/2007-2012/2013):
₹74,447 CRORE

Corporate tax paid (2001/2002-2012/2013):
₹2,181 CRORE

Total assets (March 2012):
₹10,580 CRORE

Dividend paid to Nokia Finland in 2011/2012:
₹3,500 CRORE

Source: Delhi High Court filings, Nokia

Video interviews with Nokia plant workers at www.businesstoday.in/nokia-staff2014

University of Singapore and author of *Cellphone Nation* – which analyses the social transformation mobile phones have brought about in India – visited the plant in 2010. "For the young women working there, it was an experience unlike anything their forebears would have had. They were becoming relatively independent, wage-earning individuals, thrown together with scores of unknown people," he says. He rates it a fine example of benign capitalism.

2013/14: Possibility of a Shutdown

Both Rajalakshmi and Umamaheshwari's success stories, however, have tragic sequels. Rajalakshmi was expecting her salary to touch ₹25,000 next year, but having seen the way the wind was blowing, decided to take advantage of the VRS scheme. She got severance pay of ₹5.5 lakh but has no job now. Umamaheshwari was retrenched on January 10 this year and is back to being an insurance agent.

What went wrong for Nokia, when and why? The going was mostly good till 2012. But its success also attracted attention of the wrong kind – from local politicians. A DMK-backed labour union gained ground around 2010. "Political parties wanted a foothold in the company because they saw the employees as a vote bank. A big name like Nokia also meant influence and power. Politicians started asking for scrap contracts," says Patra. Nokia did not oblige – scrap was e-auctioned according to an established procedure. Local politicians also wanted free mobile phones from time to time. Patra maintains Nokia ignored them.

Did the tax cases that followed have anything to do with Nokia's unwillingness to kowtow to local politicians? No one is sure. But in February 2014, the Tamil Nadu Sales Tax department accused Nokia of not having exported any of the mobile phones it manufactured at the plant between 2009 and 2011. It maintained they were sold locally and were thus subject to sales tax of ₹2,400 crore, which Nokia had not paid. "We find this claim surprising since we have customs documentation showing we exported more than 400 million phones in that period," says James Etheridge, Head, Corporate Communications at Nokia, in an emailed reply to *Business Today*. "Unfortunately, local authorities have been reluctant to see this documentation and give Nokia a hearing so we can present this information." The Madras High Court has set aside the Sales Tax Department's demand.

It is the second tax dispute, however, which is far more serious. It is a demand from the Income Tax Department for ₹15,258 crore in unpaid taxes, interest and penalties. It relates to Nokia's import of software from its head office in Finland. Nokia India showed the payments made for the software as 'purchase transactions', not 'royalty payments'. Thus the payment was made without keeping back any withholding tax. "In a purchase transaction, concluded outside India, there is no tax liability in India. The payer is not required to withhold any tax in India," says Sanjay Sanghvi, Tax Partner at Khaitan & Co. "But tax authorities feel these were royalty payments. Nokia India should have deducted tax."

Tax officials say they first noticed defaults in January 2013. When Nokia wanted to sell its Devices & Services business to Microsoft in September, they disallowed the transfer of the Chennai plant, freezing its assets. Nokia says the IT Department's claim is based on a unilateral interpretation of the Finland-India Double Taxation Avoidance Agreement (DTAA). "The Indian view runs contrary to the views of the Finnish government and has raised concern within the international community. The DTAA states that business income is taxable in a company's country of residence, and Nokia has, accordingly, paid all taxes due to Finland," says Etheridge's email.

DEADLY DISPUTES

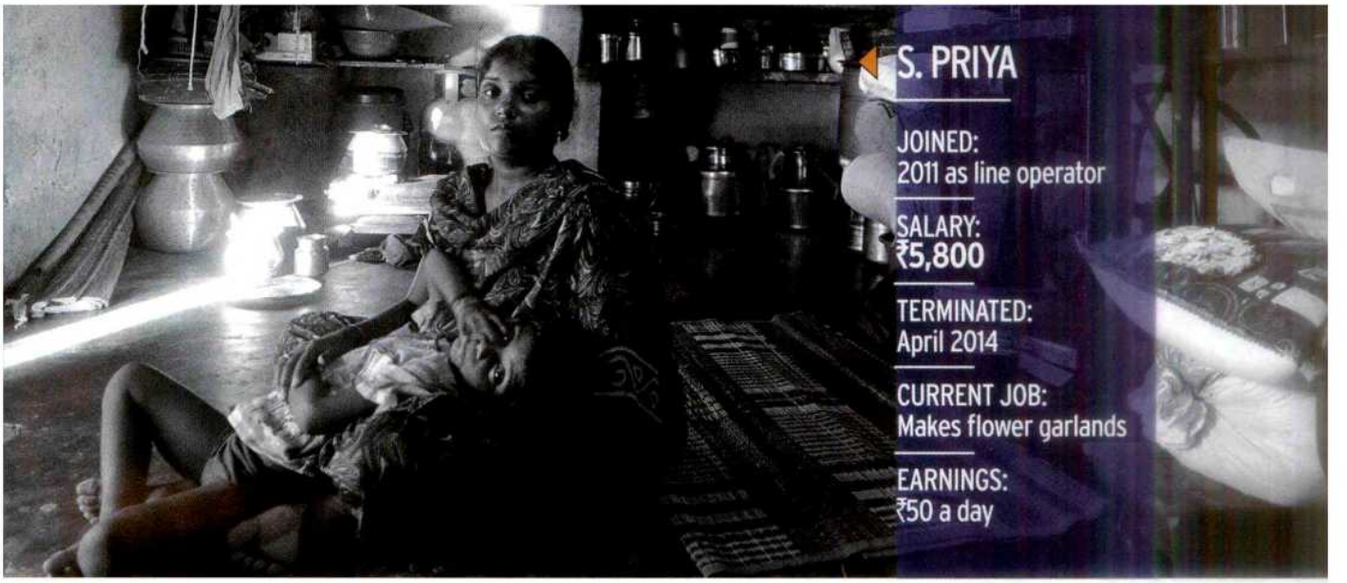
Two festering tax disputes have crippled Nokia's mobile phone factory in India

ROYALTY PAYMENTS ON SOFTWARE:
Nokia imported software for which it maded payments to Nokia Finland. The transactions were shown as purchases. Tax authorities maintain they were royalty payments and hence taxable

TAX DEMAND:
₹15,258 CRORE

EXPORTS FROM CHENNAI:
The state sales tax department accuses Nokia of not exporting any mobile phones made at the factory between 2009 and 2011, but selling them locally without paying sales tax

TAX DEMAND:
₹2,400 CRORE



Nokia has now entered into a "limited period service agreement" with Microsoft to use the factory as a contract manufacturing facility. The long term future of the facility depends on the resolution of the tax dispute. "If the dispute continues and Microsoft's requirements change, there could be a shutdown," says the Nokia spokesperson. "If the assets are unfrozen, we can look at alternative solutions."

2014: Larger Questions

The uncertainty has led Nokia to ramp down the Chennai plant and shift production to a new factory in Vietnam. "Who benefited? Vietnam. The Vietnam plant may be producing around eight to 10 million phones now. The ecosystem players are ramping up in Vietnam," says the former executive. (Nokia did not respond to *BT*'s questions on jobs created in Vietnam, the current production in Chennai or the number of trainees sacked on April 14 and 15.)

The rise and fall of Nokia's Sriperumbudur plant raises larger questions about India's attractiveness – or otherwise – as a manufacturing destination. "Our tax dispute and its longevity will impact how other global players look at the Indian market for electronics manufacturing," says the Nokia spokesperson. "Investors want stability wherever they choose to invest and they are closely monitoring our case in that context." Given Nokia's experience, why would anyone set up an electronics plant in India when China, Taiwan and some East European countries are established destinations? "The message investors seem likely to take away is that no one is safe from the demands of Indian government agencies, once the deals are done," says author Jeffrey.

Many industry watchers are baffled at the silence of both the ruling AIADMK and the DMK in the matter. "Neither the AIADMK and the DMK cares about the welfare of the workers in the state," says Communist Party of India leader A. Soundararajan, who is also honorary president of one of the unions at the plant, the Nokia India Thozhilalar Sangam. The CPI, he adds, held protests and rallies to draw attention to what was happening, but no one listened. The Nokia management is aware that many of the former workers are struggling to find employment. It has started a "Global Bridge Programme" where employees who took the VRS option are trained in different skills.

Naturally, life has got much tougher for the terminated workers. Priya, for instance, has moved in with her parents – all living in two tiny rooms with thatched roofs. From assembling phones, she now stitches flower garlands to earn around ₹50 a day. "I was hoping I could settle down with my Nokia job," she says. "Now I'm waiting for some reskilling." Her five-year-old son, Gokul, climbs on to her lap. "I only dream of his education," she adds. ◆

@Goutam20; @Madhuta

SBI'S FIRST WOMAN CHAIRPERSON IS RINGI
208-YEAR-OLD INSTITUTION. By ANAND ADHIK

n the past two decades, the country's largest bank, State Bank of India (SBI), saw as many as 10 chairmen manning the bank at different points in time. Only two – A.K. Purwar and O.P. Bhatt – were lucky to get more than four years in the hot seat. This has often prompted private sector bankers to ke that SBI is an elephant being pulled in different direcons. And, certainly, most of the past chairmen have had fferent priorities.

Purwar, who took over the reins towards the end of 002, was gung ho on international expansion. He bought ajority stakes in three mid-sized global banks in auritius, Indonesia and Kenya. Bhatt, his immediate ccessor, stormed the domestic market by scaling up the tail business. Bhatt publically denounced the strategy of uying tiny global banks and put on hold Purwar's plans buy a stake in a fourth foreign bank. Bhatt's successor ratip Chaudhuri ,who took over in April 2011, criticised m for not making enough provisions for pension liability nd bad debts. "There was an elephant in the room. But e did not see it or chose not to see it," said Chaudhuri. The equent changes in focus has meant constant tweaking of

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WHAT THE PAST FIVE CHAIRMEN ACHIEVED

G.G. VAIDYA (Feb 1999 to Oct 2000)
Introduced core banking solution (a computerised database for ATM transactions and anywhere deposit facility)

JANKI BALLABH (Nov 2000 to Oct 2002)
Mobilised $5.2 billion through Indian Millennium Deposit

A.K. PURWAR (Nov 2002 to May 2006)
Expanded overseas by acquisition of small global banks

the bank's 24th Chairperson. The previous United Progressive Alliance government has set a gradual road map for a fixed five-year tenure for the bank's chairman. Bhattacharya's successor in October 2016 will get four years at the helm and all chairmen thereafter will get five years. The government has also allowed all the four managing directors (MDs) to be eligible for the post of chairman irrespective of the residual service. The MDs with less than two years of residual service were not allowed to become chairman earlier. Indeed, in the past, chairman has often come from the deputy managing director (DMD) level. For instance, Chaudhuri was promoted as chairman directly from the DMD level, while Bhattacharya herself was an MD for only two months.

The change in policy will have far reaching implications for the bank as both the chairman and four MDs work very closely in deciding the agenda of the bank. In fact, chairman and MDs are part of the board of directors. "The new change will see a seamless transfer of power," says Bhattacharya. Since a new chairman is likely to come from the MD level now it is likely that he will persist with the policies of his predecessor, she adds.

Bhattacharya's predecessor Chaudhuri received brickbats for deteriorating asset quality and falling profits. Net non-performing assets (NPAs) jumped from 1.63 per cent, when he took over in April 2011, to over two per cent by the time he demitted office in September 2013. The SBI stock crashed from ₹2,800 levels to almost half at ₹1,600 in the period. Nothing much has changed for the bank under Bhattacharya so far as the economic conditions remain challenging. Bhattacharya is not completely focused on 'tightening the belt' or consolidation. "You cannot stop thinking of the future while you are doing this (consolidation)," says Bhattacharya, who is completing a year at the top in September.

Thrust on IT

Bhattacharya has straightaway got down to the job of 'fixing the motor while it is running' (see *The Agenda*). She has spelt out her agenda clearly by laying great emphasis on Information & Technology (IT). IT will be used in pricing of loan products, improving customer service and productivity and also minimisation of risk, according to Bhattacharya. It was during G.G. Vaidya's tenure that the bank began harnessing technology to streamline operations. In early 2000, the bank laid the foundation of core banking solution (CBS). A CBS allows customers to operate their bank account from anywhere and anytime. The actual implementation started in 2003 during Purwar's tenure and completed in July 2008 when Bhatt was the bank's chairman.

SBI was already doing e-corners when Bhattacharya stepped into the chairperson's office. The e-corners actually offered 24x7 ATM service, passbook printing, fund transfers, etc., away from the branches. Bhattacharya came up with a bold initiative of introducing the next level of branch banking i.e digital banking. She soon put Sushil Kumar Mishra, DMD (corporate strategy and new business), in charge of the project. Kumar brought in global consulting firm Accenture on board to strategise digital banking plans.

In a digital branch, the bank offers instant account opening and quick loan approvals besides allowing expert advisors to talk to customers via video link. "It's is entirely immersive digital experience," says

A LAGGARD

SBI trails other leading banks on productivity and efficiency parameters

PROFIT PER EMPLOYEE	
SBI	₹6.5 lakh
ICICI Bank	₹14 lakh
HDFC Bank	₹10 lakh
Axis Bank	₹15 lakh

RETURN ON ASSET	
SBI	0.91%
ICICI Bank	1.70%
HDFC Bank	1.90%
Axis Bank	1.70%

NON PERFORMING ASSETS*	
SBI	2.10%
ICICI Bank	0.77 %
HDFC Bank	0.20%
Axis Bank	0.36%

*Net NPAs

Figures for March 2013; Source :RBI

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PRATIP CHAUDHURI
(April 2011 to September 2013)
Focused on consolidation and making adequate provisions for stressed assets

Bhattacharya. Finance Minister Arun Jaitley inaugurated the first of the six digital branches launched in the metros in July. "These branches are a first step in the journey of offering full digital services across the nation," said Bhattacharya at the opening of the first digital branch. Bhattacharya is eyeing India's youth as future customers given that half of the country's population is under the age of 25. "This is a digital demographic, one that expects business to provide solutions immediately," said Bhattacharya. The challenge for SBI lies in executing its plans. So far it is a small initiative. "It is pushing SBI to embrace the new retail model of the new world," says Piyush Singh, Managing Director of Accenture's Financial Services Business in India.

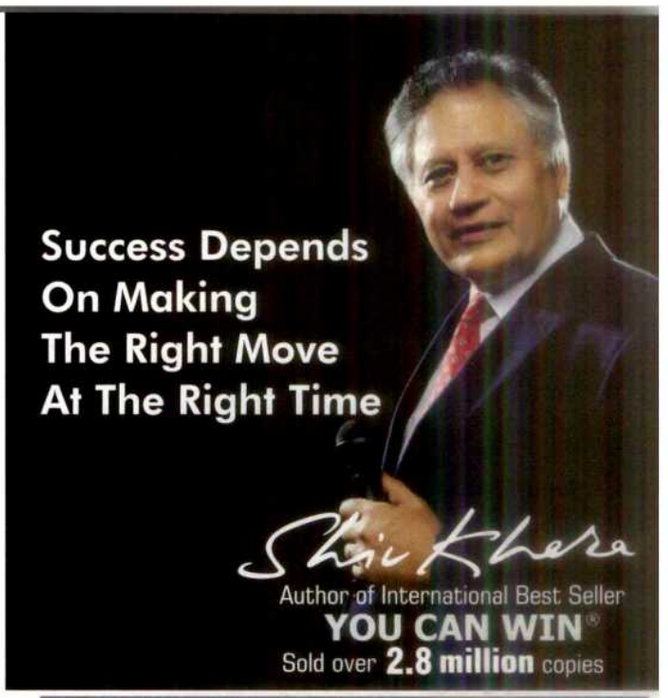
Bhattacharya is not ignoring the new media or the social networking sites where youngsters spend maximum of their spare time. Two months after taking over, SBI launched a Facebook page followed by a YouTube channel in January this year. In April, SBI relaunched its Twitter handle.

Data Analytics

Technology is not all about delivering banking services faster and more efficiently, but also helps in managing the business more efficiently. "I'm looking at bringing in a lot of technology in the areas of generating new business as well as improving the credit processes," says Bhattacharya. Thrust on data analytics – discovery and communication of meaningful patterns in data – is a key element of her strategy. It helps in taking qualitative decisions, including business leads (generating new business from an existing customer), underwriting good clients and cross-selling savings, investment and loan products. Mohan Jayaraman, Country Manager of Experian Credit Information Company, a leading provider of data and analytical tools to financial institutions, says the PSU banks today are doing basic analytics. "The next step is advanced analytics and optimisation, which some private and foreign banks are doing," says Jayaraman.

Improving Delivery Standards

It is on the priority list of Bhattacharya's agenda. "Our delivery standard is different in different places because it



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- Handle audiences and Q & A's effectively
- Inspire, influence and get results

Investment (per participant)
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INR 98,000 +ST = INR 1,10,113

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City	Hi-Impact Leadership	Gain and Retain Customers	Public Speaking & Presentation Skills
Delhi	3, 4, 5 September '14	6 & 7 September '14	8 & 9 September '14
Bengaluru	24, 25, 26 September '14	27 & 28 September '14	29 & 30 September '14
Chennai	29, 30, 31 October '14	1 & 2 November '14	3 & 4 November '14
Mumbai	10, 11, 12 December '14	13 & 14 December '14	15 & 16 December '14

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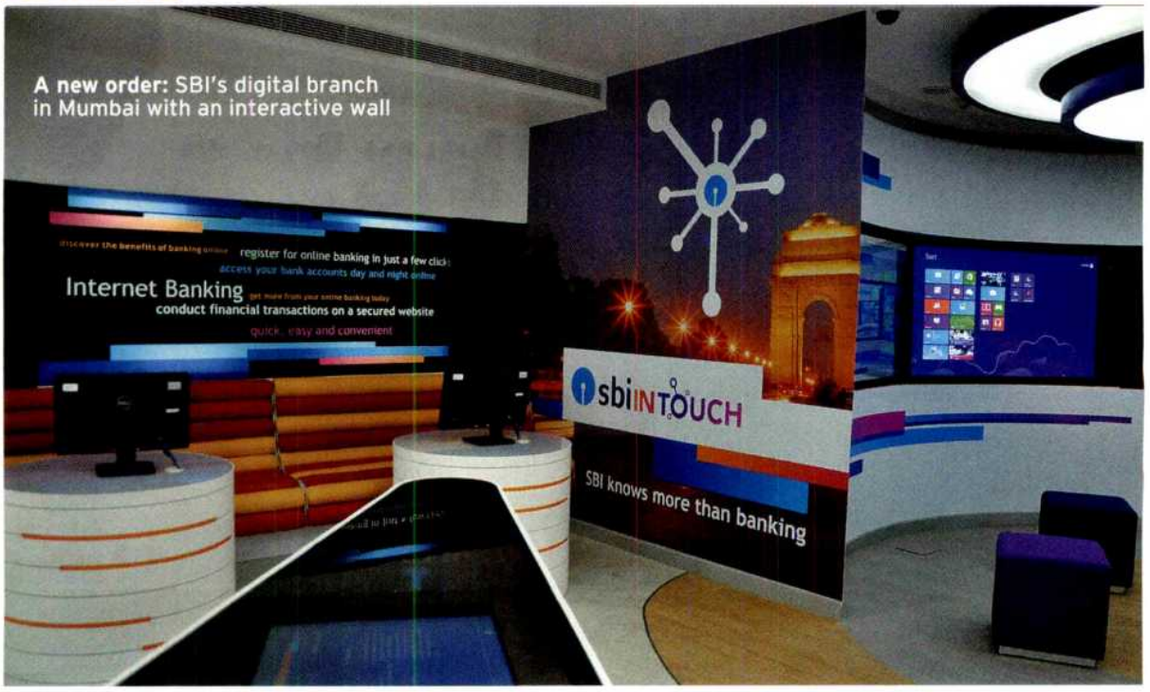


A new order: SBI's digital branch in Mumbai with an interactive wall

is very people dependent," says Bhattacharya who wants to bring uniformity in communication with customers. She has kickstarted a training programme for employees on dealing with customers. The bank has also revamped its complaint management system. She is encouraging a culture of communication and participation right from the junior most employees. Some of the initiatives started by her includes encouraging senior employees to write blogs and making staff aware about where the bank is headed by sharing videos of analyst meetings. She has also revived a 100 days mass communication programme, last done in Bhatt's tenure, to update employees on the road ahead for the bank.

Risk Management

Bhattacharya has made the risk officer a member of all the credit committees. The enhanced focus on risk stemmed from the fact that the bank lent liberally during Bhatt's tenure in the boom years of 2005 to 2008. It is now haunting them as economic stress is bringing in more NPAs. SBI's net NPAs at 2.57 per cent by March 2014 are among the highest in the industry. Bhattacharya has underscored that containing NPAs was her top priority. Agriculture and SME sectors were big contributors to NPAs.

Bhattacharya has already initiated the process of revamping some agricultural loan products. "It is more a question of education and extension of other banking services in rural areas apart from just giving loans," says Bhattacharya. As part of this strategy, SBI brought in RML Information, a personalised agriculture information provider, in July for providing agri information to its 12 million agri customers. This partner will provide mobile based services on weather, input prices, crop diseases, etc. Bhattacharya has also set up teams with officials trained to restructure SME accounts.

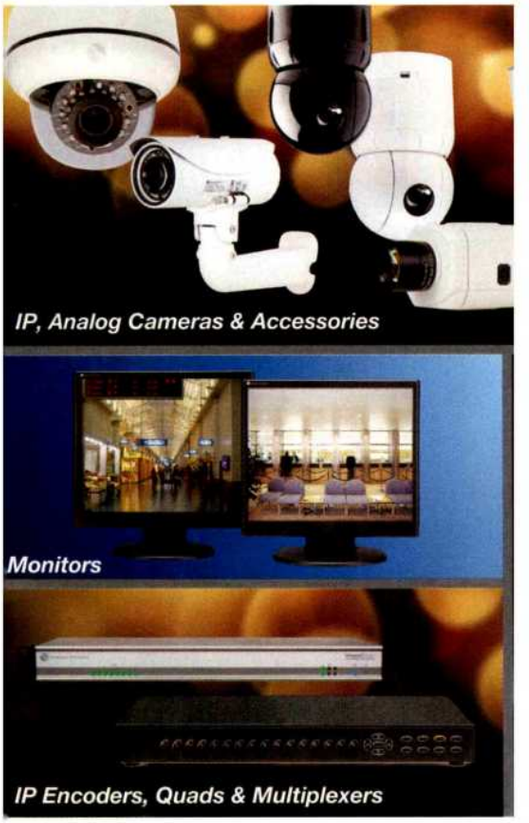
The bank is also engaging consultants to develop risk models for detecting potential NPAs. Bhattacharya has also created review teams for stressed assets. She is also considering hiring turnaround specialists to monitor and work with the bank in restructuring loans. In fact, SBI along with other consortium lenders appointed Alvarez & Marsal in February this year to work with Gujarat-based Sai Info System which defaulted on its loans. Bhattacharya admits that the bank has engaged the services of outside consultants in a couple of restructuring cases. "We will do it as and when it is necessary and required," she said. "The stress will go only if GDP growth picks up and demand goes up," she adds. SBI is working on a new approach to credit appraisal. "We are already working on early warning systems to capture the stress in corporate accounts early," says Bhattacharya.

The Longer Term Issues

Bhattacharya is going at a brisk pace to pack in as much she can in her three years tenure. Two more years are left now. One long pending issue is the merger of five associate banks with the parent. So far, it has succeeded in merging two – State Bank of Saurashtra in 2008 and State Bank of Indore last year. SBI will also have to reduce its operational costs to shore up its return on equity and return on assets.

Indeed, shareholders and investors of SBI would follow the initiatives of Bhattacharya, and their impact on the ground, closely over the next couple of years. ◆

@anandadhikari



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SUPER

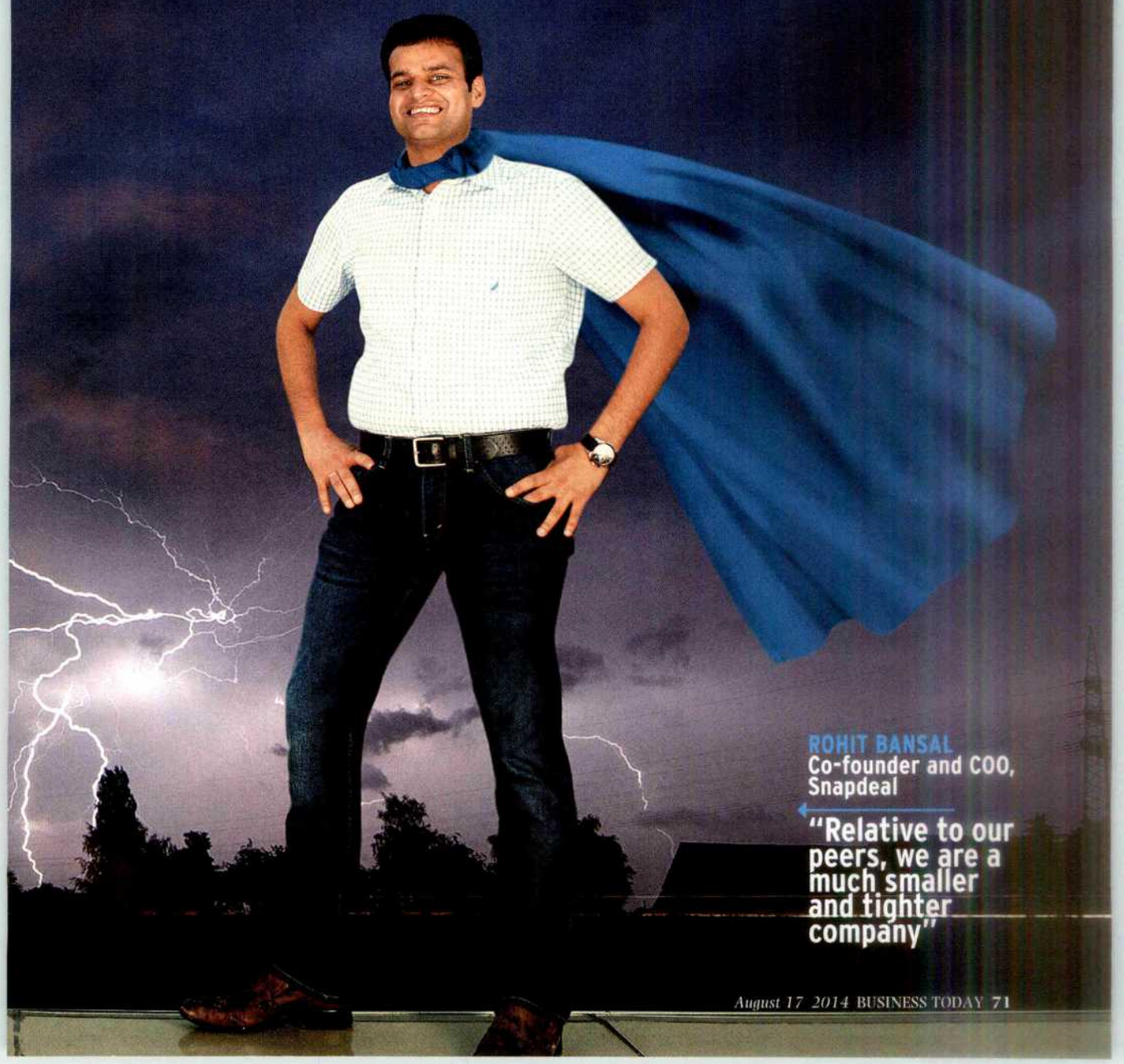
Subramanya S.V., Managing Partner at BVP India, an early investor in Snapdeal.com, remembers the board meeting of December 11, 2011 well. Kunal Bahl and Rohit Bansal, Co-founders of the company, had just returned from a visit to China. Snapdeal was then a group deals' site, akin to Groupon, offering customers discounts at restaurants, hotels, movie theatres and the like. Bahl and Bansal stunned the audience by announcing they were changing the company's line of business altogether.

In China, the two founders had seen how the giant Chinese online marketplace Alibaba.com worked and wanted to recreate the model. "They had many options but chose to become a marketplace," says Subramanya.

Within two months, the deals' business was shut down. "I think our investors were really surprised," says Bahl. With Snapdeal holding 70 per cent market share in the group deals' business then, having raised a sizeable $57 million – including $45 million from BVP India – it seemed an odd decision to take. Barring the global eBay, there were no online marketplaces in India then. (Companies such as Flipkart were purely inventory-led – they bought goods to sell on their sites; they did not allow others to set up shop. It is only since last year, with Amazon's entry into India, that Flipkart too has begun offering its site as a marketplace.)

But Bahl managed to convince the board. "He is very charismatic," says Subramanya. "He inspires peo-

PHOTOGRAPH: BY VIVAN MEHRA
IMAGING BY RAVI REDDY



ROHIT BANSAL
Co-founder and COO, Snapdeal

"Relative to our peers, we are a much smaller and tighter company"

SMART ADJUSTMENT

The journey from MoneySaver, a physical coupon seller to Snapdeal 2014, India's biggest online marketplace

2007

SEP 2007: Bahl and Bansal decide to start a coupon business, MoneySaver, in Delhi out of Bahl's bedroom

OCT 2007-APRIL 2008: Duo meet over 500 merchants to sell physical coupons

2008

MAY 2008: MoneySaver is launched. Sells only 15,000 coupons in three months

2009

JUL 2009: Client payments get delayed. Company left with only ₹53,000 and needs to pay ₹5 lakh of salary next day. Rohit and Kunal put in all their remaining savings

2010

OCT 2010: 50 players launch in online deals space. Moves to Okhla Industrial Area with 5,000 sq. ft. of office space

JAN-FEB 2010: Duo decide to take coupon business online – rename it Snapdeal

snapdeal.com

SITE STATS

ple." Not everyone in the audience was fully convinced, but agreed to go along. It was a farsighted decision that has paid off handsomely. While the entire group deals business is now in shambles, Snapdeal is valued at a billion dollars, the fifth Indian online company to join this select club after Flipkart, InMobi, Cleartrip and MakeMyTrip. "In the next couple of months, we should hit a billion dollars in revenue run-rate," says Bahl.

Snapdeal is now the second-largest e-tailing company after Flipkart. It has about 50,000 merchants selling five million products on its site, adding a product every 20 seconds. In the past year, it has grown 600 per cent. "In the next 12 months, we will have 100,000 sellers," says Bahl. In comparison, Flipkart remains primarily inventory led, with only 2,000 sellers. The only company that comes close is ShopClues, an online marketplace which targets Tier-II and Tier-III towns. Radhika Agarwal, Co-founder, ShopClues, says it also has 50,000 sellers. eBay, the world's largest open online marketplace, in comparison, has 45,000 sellers in India. But again, eBay allows even individuals to use its platform, while Snapdeal only permits small and medium businesses.

"There were 900 e-commerce companies at the time, but no one was doing what we did," says Co-founder Bansal. The founders were very clear they did not want to follow the Flipkart (or Amazon) inventory-led model. "We were certain about our goal – customers should have certainty of availability of products at

Video and text interviews with Kunal Bahl at www.businesstoday.in/snapdeal-bahl

NOV 2011: The founders visit China. Stunned by Alibaba's growth trajectory, Bahl and Bansal decide to follow its example

APR 2013: Launches TrustPay to provide consumers complete guarantee on all their purchases. Gets first round of funding from eBay

MAY 2014: Crosses a milestone with 50% of its sales coming via mobile-based transactions

2011 | **2012** | **2013** | **2014**

JAN 2011: Company raises $10 million in funding from Nexus

JAN 2013: Snapdeal becomes the first e-commerce company to sell scooters online in India, partners with Mahindra & Mahindra

JUNE 2013: Launches the SafeShip platform. Within months, 80% of orders start getting shipped within 24 hours

JAN 2014: Launches same-day delivery service in Delhi/NCR

JUNE 2014: Launches 4-hour listing service for sellers, hits a milestone of over 1,000 sellers with sales in excess of ₹1 crore annually

the best prices," says Bahl. Since then many, including Flipkart, have, either wholly or partially, adopted the Snapdeal model and even investors extol its virtues. "Scalability in a marketplace model is much easier compared to an inventory-led model. It's a proven model worldwide," says Suvir Sujan, Co-founder of Nexus Venture Partners, which had invested $10 million in Snapdeal even before it made the switch.

Mission Impossible

Bahl and Bansal have seen their share of hard times. In an earlier avatar, Snapdeal was called MoneySaver and sold physical discount coupons. (The shift to online group coupon deals happened only in January 2010.) At one stage, in July 2009, MoneySaver was in such bad shape it had a revenue balance of ₹53,000, while its monthly wage bill was ₹5 lakh. Bahl and Bansal put in all their personal savings to keep the company going. After paying salaries, they were left with ₹21,000. Nor did the online marketplace yield fruit overnight. In end-2012, a full year after the switch, Snapdeal had only 1,000 sellers.

How has Snapdeal grown so fast since then? A vital clue to the answer lies in the placards visible all over the office bearing the legend: Mission 500. What does it stand for? Bahl is reluctant to let on at first. Finally, he reveals the acronym that sums the Snapdeal approach: BHAG, meaning 'run' in Hindi and standing for 'big, hairy, audacious goal'. Snapdeal's secret is to set the team a seemingly unattainable goal and then strive for it, giving the effort everything. "The goal should be so unachievable that if you ask people in the office for feedback, they should either get very nervous or laugh out loud at the ridiculousness of the idea," says Bahl.

Every quarter there is a new goal to be reached. The first one was set six quarters back: Mission 30. Snapdeal's monthly revenue was then between ₹5 crore and ₹7 crore – by the end of the quarter it had to be raised to ₹30 crore. Eyes in the office popped out at the figure – but it was achieved. Again, not all missions involved raking in more revenue. There was, for instance, Mission NPS, standing for 'net promoter score' and involved assessing the quality of transactions. Once a product is bought and delivered, the buyer is routinely asked to rate the entire experience on a scale of zero to 10. A buyer rating of six or below is a 'detractor', seven to eight is a 'moderator' and nine to 10, a 'promoter'. The NPS is calculated based on the responses – and is usually between 35 and 50 for most e-commerce sites. Bahl wanted it to be 65 at Snapdeal, world-class. It has been achieved.

"Speed and scale are both very important," says Bansal. "If you don't have scale, it is difficult to get the merchants to talk to you." As for speed, e-tailing companies' obsession with it peaked around mid last year, when a few started promising delivery in two days and others followed suit. The next target was 'same-day delivery'. Snapdeal set itself Mission 24, which was to ship 75 per cent of products within 24 hours of the order being placed. By the end of the quarter, 80 per cent of products were being shipped in a day.

This, however, would not have been possible without SafeShip – something Snapdeal got from eBay.

In April 2013, eBay led a group which invested an undisclosed amount in Snapdeal. As much as the

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Video interview with G.V.K. Reddy at
www.businesstoday.in/gvk-reddy

About a fortnight after GVK Power and Infrastructure Limited (GVKPIL), the listed infrastructure arm of the ₹4,000 crore GVK Group, informed the Bombay Stock Exchange that it had got the approval of its board to raise fresh capital, including an option to issue a qualified institutional placement (QIP), an important meeting was summoned by the company in Mumbai. Sometime in mid-June this year, a group of company executives went into a huddle. *Business Today* learns that this was not just another meeting but one that discussed plans to pare the substantial debt of GVKPIL.

Indeed, like most infrastructure companies in India, GVKPIL – GVK's holding company for its infrastructure business – is facing huge financial challenges. The company had a turnover of over ₹2,800 crore in 2013/14 but it also had a total consolidated debt (including all its 18 subsidiaries) of ₹22,000 crore. Its net debt (debt minus cash balances) to equity ratio of 3.4:1 in 2013/14 is way above the

RACHIT GOSWAMI/WWW.INDIATODAYIMAGES.COM

G.V. KRISHNA REDDY, Chairman, GVK Group, at the new T2 airport terminal in Mumbai, which GVK built

"Until we clear our debt, we are not going to bid for any new project, except for the Navi Mumbai airport"

A. PRABHAKAR RAO

G.V. SANJAY REDDY Vice Chairman, GVK Group

"WE ARE IN EXECUTION MODE. FOR THE FIRST TIME IN OUR HISTORY WE HAVE PROJECTS GOING ON-STREAM IN THE SAME YEAR AND WILL START GENERATING REVENUES"

comfort zone of 2:1 that it wants to reach. Worse, some ₹3,000 crore of this is on the books of GVKPIL and its subsidiary holding company for the airports business, GVK Airport Developers. These two companies do not have any operating assets to service the debt from earnings. It is this debt that the GVK Group plans to pare substantially.

Indeed, unattended, loans at the holding company level will lead to a debt trap – without income generating assets the company would have to constantly keep borrowing to pay back previous debt. "We are exploring all options to reduce the debt at the holding company level," says A. Issac George, Director, Finance, GVK Group and CFO, GVKPIL. These options, industry insiders say, include a mix of a QIP, a route that the listed entity (GVKPIL) can take, and an initial public offering (IPO) that the unlisted airport entity can opt for.

A QIP is a capital-raising tool and refers to the issuance of equity shares, fully and partly convertible debentures, or any securities other than warrants which are convertible to equity shares, to institutional buyers. GVKPIL also plans to get a private equity investor or a sovereign debt fund or a strategic investor on board. The group is exploring all these options.

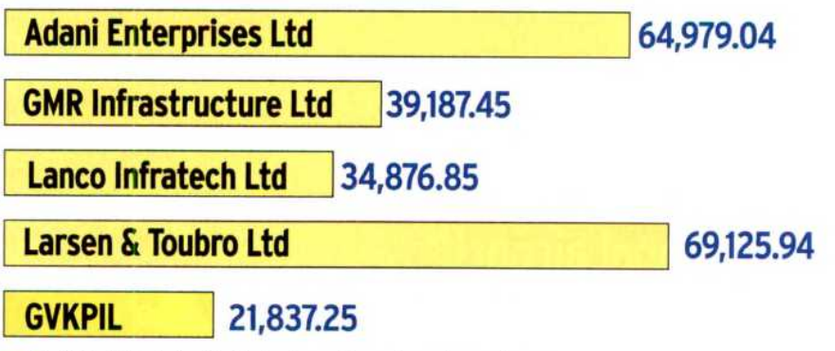
The GVK Group took almost 18 months to firm up plans to prune debt. It is now focusing on the execution of its strategy. "Enough is enough. We cannot have debt and we do not want to take on more debt. We are just focused on stabilising things, clearing the debt," says G.V. Krishna Reddy, Founder and Chairman, GVK Group. "Until we clear our debt, we are not going to bid for any new project, except for the Navi Mumbai airport, because there we have the first right of refusal."

The QIP planned for GVKPIL can be completed in about eight weeks. GVKPIL informed the BSE on May 29 that it has received board approval to the issue and allotment of equity shares of the company, not exceeding ₹1,000 crore, with a greenshoe option to retain up to ₹500 crore from any excess subscription it receives, including after any offer to qualified institutional buyers. But the promoters, the G.V.K. Reddy family, have a 54.6 per cent stake in the company. Any move to raise a big amount is likely to reduce the promoter stake well below 50 per cent. It would therefore be reasonable to expect a QIP in the range of ₹500 crore to ₹700 crore, diluting the promoter holding between four and 10 per cent depending upon the share price.

Then, GVK plans an IPO for GVK Airport Developers Pvt Ltd. The pro-

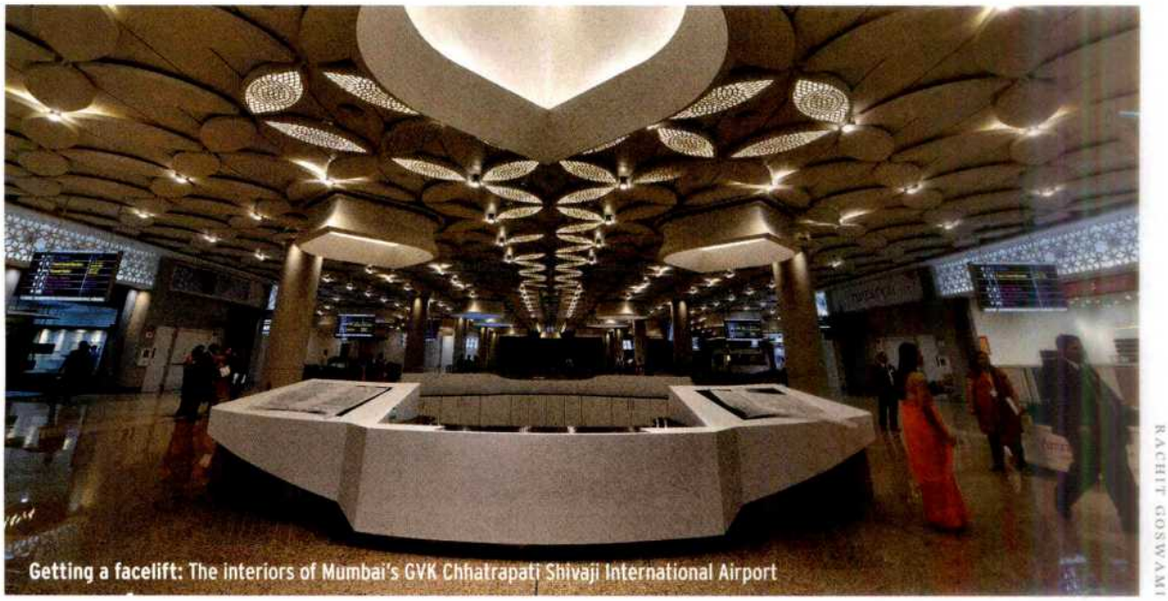
TOUGH TIMES

GVK Power & Infrastructure Ltd has a mountain of debt on its books, but it is still better placed than some other infrastructure companies



Total debt includes both short- and long-term borrowings
Consolidated debt in ₹ crore as of March 2014

Source: Company results



Getting a facelift: The interiors of Mumbai's GVK Chhatrapati Shivaji International Airport

RACHIT GOSWAMI

moter company, GVKPIL, holds almost 100 per cent stake in the airport arm. The stake dilution in GVK Airport Developers will be based on the valuation of its holding in Mumbai International Airport Ltd (50.5 per cent) and Bangalore International Airport Ltd (43 per cent). This company accounts for a bulk of the debt – ₹2,500 crore – at the holding company level. *Business Today* gathers that it is reasonable to expect that the promoter holding could reduce by around 25 per cent, which could mean an IPO between ₹1,200 crore to ₹1,500 crore.

However, GVKPIL will need its shareholders' approval for the QIP and the IPO. Its Annual General Meeting is on August 13 and so any progress on these fronts can only be expected towards August end.

Meanwhile, GVKPIL executives are negotiating with private equity and strategic investors. The company already has three term sheets in hand, one each from a marquee private equity investor, sovereign fund and a strategic investor, and is evaluating the best option among them. Simultaneously, the group is actively exploring all options to sell assets that can help raise funds. For one of the assets the buyer has already started the due diligence process and a term sheet has been signed. The money from this will be used to repay part of the debt. GVK is also looking to sell another two or three assets in the roads sector.

In all, GVK hopes to raise around ₹3,000 crore allowing it to retire the debt of its holding companies.

THE STRATEGY

GVK Group is exploring various options to prune debt

A Qualified Institutional Placement for its listed entity, GVKPIL

An IPO for its unlisted airports entity, GVK Airport Developers

Efforts on to raise funds from a private equity or a strategic investor

Plan to sell two-three road project assets. The proceeds will be used to retire debt

Focus on Project Execution

The company is also gearing up to launch several projects over the next few months. This would further boost its revenue and help trim debt. G.V. Sanjay Reddy, Vice Chairman of the group and son of Krishna Reddy, who has been leading GVK's foray in sectors like power, biosciences and

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L. MADHUSUDHAN RAO Chairman, Lanco

"... INVESTORS ARE ASKING WHY THEY SHOULD BRI HUGE CAPITAL INTO INDIA AT THIS STAGE WITHOUT EXISTING PROBLEMS GETTING SORTED OUT"

airports, told *Business Today* that the focus over the next few months for the group would be on execution. "Unlike other businesses, infrastructure strategies cannot be shifted overnight. Projects once started need to be completed. We are today purely in an execution mode and, for the first time in our history, we have several projects that are going on-stream in the same year and will start generating revenue," he says.

Four projects that are under construction will start earning revenue in 2014/15 and they are expected to generate around ₹2,000 crore in the fiscal year, according to George. These projects include the 363 MW hydroelectric project on the Alaknanda river in Uttarakhand, 540 MW coal-fired Goindwal Sahib power project in Punjab, Tokisud coal mines in Jharkhand and the National Highway 12 Deoli-Kota road project in Rajasthan.

The GVK Group though does not have a problem of debt with its non-infrastructure businesses, biosciences and hospitality, says Sanjay Reddy. There are ambitious plans for the biosciences business which had a turnover of ₹650 crore in 2013/14.

Lessons Learnt

Krishna Reddy says his group eschews taking debt and so its experience of the past four years has ensured that many lessons have been learnt. This will now be reflected in the nature of projects that the group will pursue in the future, he stresses. "We will look to expand into areas where government intervention is minimum, where investments are low and where people are the capital," he says. The group will not be restricted by the infrastructure sector and can move into other sectors, he asserts.

So, how did the GVK Group end up with this debt when it had been conservative earlier too? GVK raised a large amount of debt – around ₹1,800 crore – for the two airports in Mumbai and Bangalore in 2011 after it was unable to get an investor, says Reddy. This debt was largely on the books of GVKPIL and GVK Airport Developers. "The going was good and all of a sudden because of some government regulations, investors from other countries lost confidence in India and did not want to invest in the country," says Reddy, indirectly referring to the controversy involving the government's retrospective

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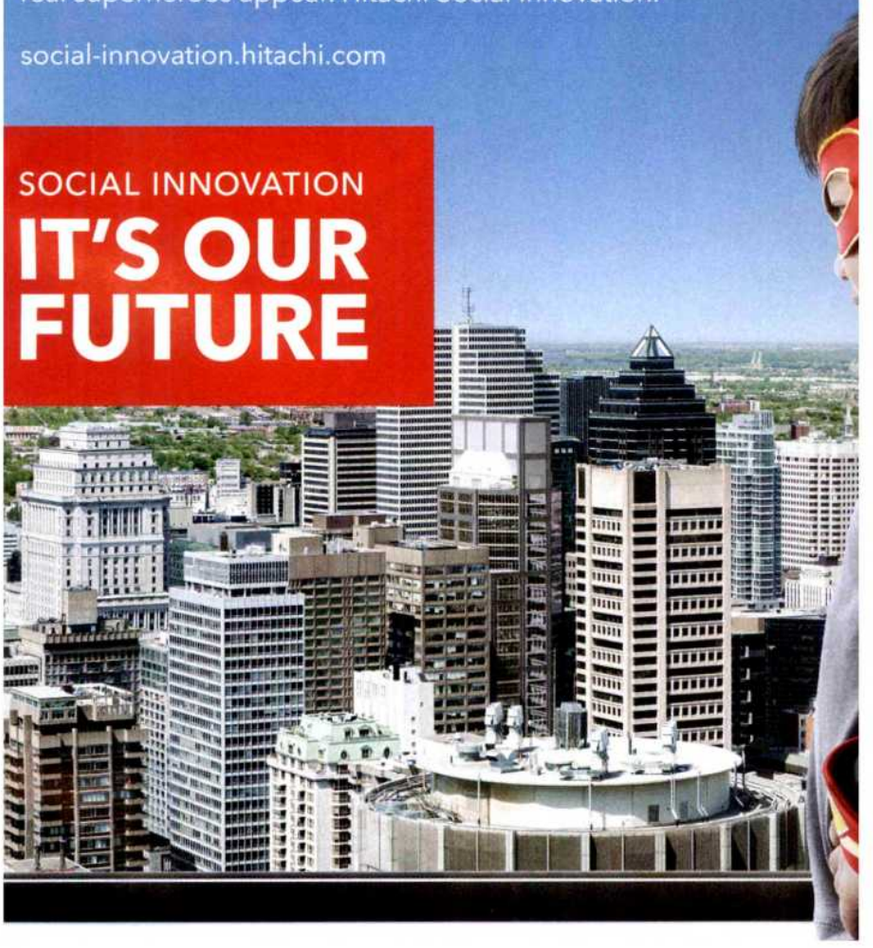

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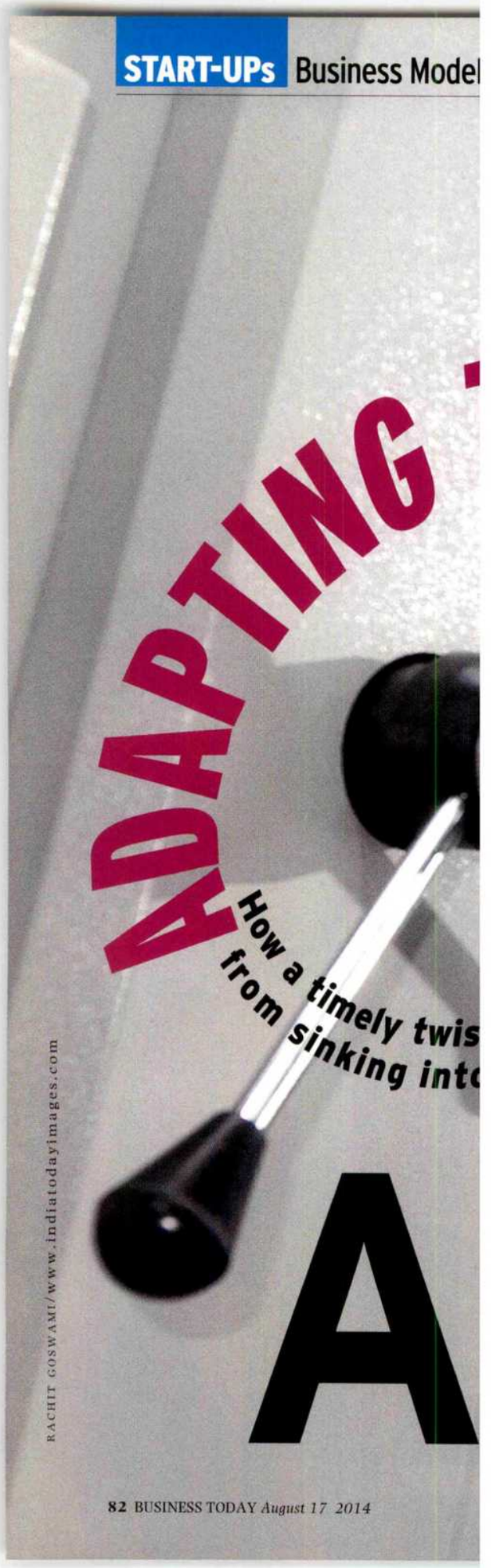

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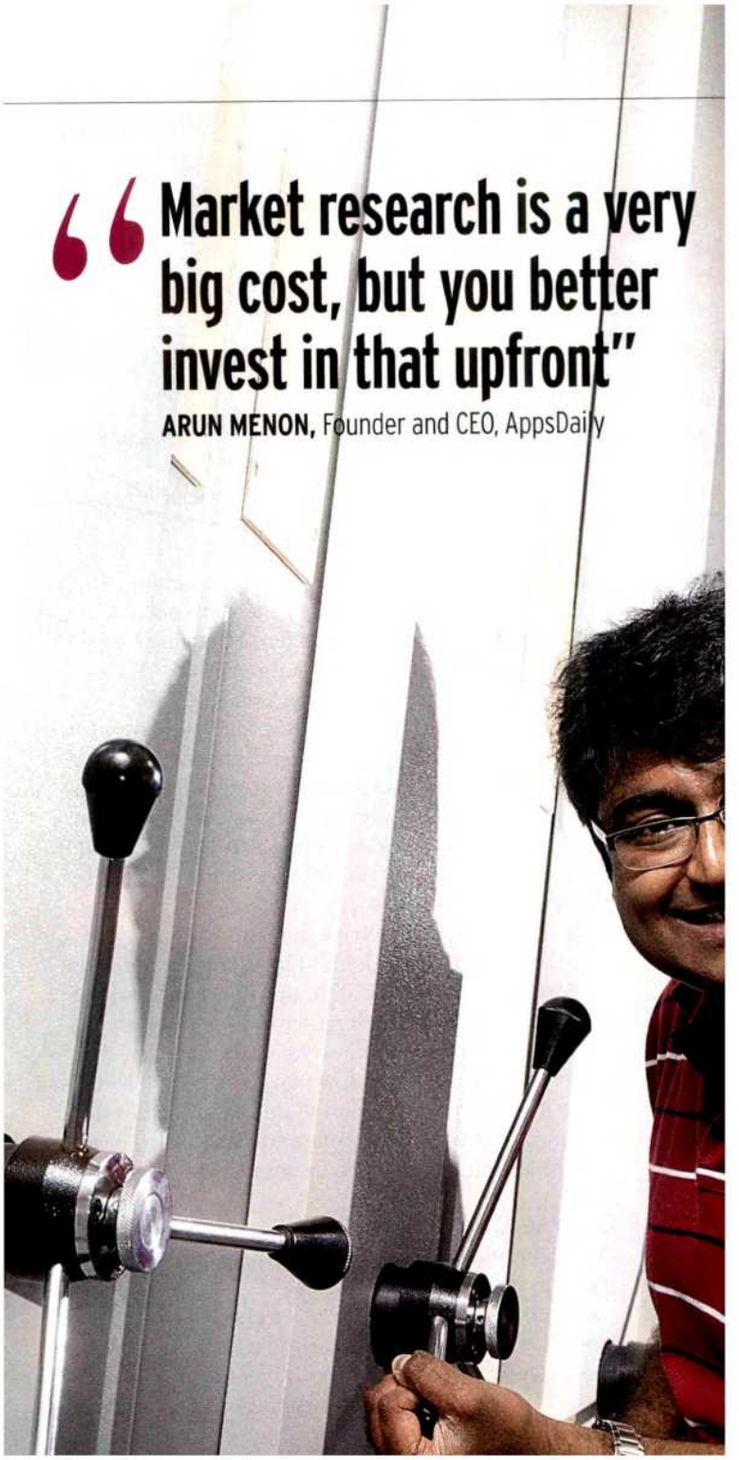


“Market research is a very big cost, but you better invest in that upfront”

ARUN MENON, Founder and CEO, AppsDaily

SUCCESS STRATEGIES
Start-ups that tweaked their business models

COMPANY	INITIAL BUSINESS	CURRENT BUSINESS
Myntra	Personalised apparel and accessories	Selling third-party brands
InMobi	SMS-based search platform mKhoj	Mobile advertising network
Snapdeal	Daily deals website	E-commerce marketplace
Octro	Mobile VoIP product	Mobile games
TELibrahma	Bluetooth network services	Contextual computing product
Reviews42	Product reviews platform	Software sales for offline merchants
Frrole	Consumer news website	B2B product for media companies

communication services provider VeriChat to US-based Intellisync.

Aggarwal may have given up on one ambition but he soon found another. He started making mobile games – the most monetised mobile apps across the world. Octro makes India-themed, multi-player games such as card game *Teen Patti* and makes money by selling digital goods within the apps. With more than 10 million downloads, *Teen Patti* is one of the highest revenue generating Android apps in India. That helped Octro attract $15 million in funding from VC firm Sequoia Capital in June. Aggarwal now aspires to stand next to global gaming leaders Zynga, the maker of FarmVille, and King Digital Entertainment, which made Candy Crush.

Octro's journey from a provider of Internet calling services to a game developer is not unusual. Entrepreneurs now need to quickly respond to market dynamics more than ever before due to the rapid pace of change and because technologies get obsolete faster than data that establishes the change reaches the CEO's table. Globally, many start-ups have either tweaked their business models or even changed their main business to survive – and succeed – after initially failing to make a mark. For instance, daily deals website Groupon was born out of its founder Andrew Mason's previous venture The Point, a social media platform. Similarly, the founders of the global payments company PayPal earlier set up Confinity, which created a cryptography and payments product called Fieldlink that was later abandoned to develop PayPal.

In India, too, several ventures have adopted the same strategy to stay afloat (see *Changing Tack*). Snapdeal, for instance, was a daily deals website in its first avatar but is now an online marketplace valued close to $1 billion competing with the likes of Flipkart and the India arm of Amazon. Many lesser-known start-ups are now joining the list. Entrepreneurs say tweaking the business model or a complete U-turn is not so costly or difficult for start-ups as it may be for larger companies. "If the business model is not working, banging your head against the wall is not the right thing to do," says Samir Kumar, Managing Director at early-stage venture firm Inventus Capital. "The best entrepreneurs sniff opportunity and change."

One of the start-ups Inventus has supported is TELiBrahma. The Bangalore-based company started in 2004 providing value-added services to European telecom operators. Four years later it sold the business and began offering Bluetooth services to retailers to push deals and offers to customers walking into their stores. Why Bluetooth? "Data connectivity on phones was a big challenge those days," says Narsimha Suresh, Founder and CEO. Soon the company had 20 large retailers using its services at 2,000 outlets. But the upswing didn't last long, as growing popularity of Internet-enabled smartphones took the sheen off Bluetooth services. The company then launched a product called Buzz that combined Wi-Fi connectivity and a new version of Bluetooth. It has also launched a contextual computing product that lets media companies and advertisers better engage with customers.

Course Correction

Often, entrepreneurs move on to a new business while trying to make their initial idea work. Take Shivakumar Ganesan, for instance. Ganesan, a techie who previously worked with Yahoo! and Flipkart, set up a classifieds business in Bangalore called Roopit. The venture needed a call centre to grow operations but Ganesan did not want to hire too many people or set up a huge infrastructure. He tried solving the problem by developing software to get one number working on multiple phones with a central system diverting calls to these phones. This helped Roopit handle customer calls and also made some of his entrepreneur friends interested in buying it. The early traction the product got with about 20 paying start-ups made him close the shutters on Roopit and go full throttle on the automated call centre. The product has now evolved into a cloud telephony service called Exotel. Ganesan has scaled up the venture from ₹12 lakh in revenue 2011/12 to ₹4 crore in 2013/14. He does feel a sense of regret sometimes, though. "I think I was with the right thing [classifieds] at the right

Interview with Policy Bazaar's Yashish Dahiya at www.businesstoday.in/policybazaar-dahiya;
Interview with Webaroo's Beerud Sheth at www.businesstoday.in/webaroo-sheth

Interview with Appsdaily's Arun Menon at www.businesstoday.in/appsdaily-menon;
Interview with Ozone Media's Kiran Gopinath at www.businesstoday.in/ozonemedia-gopinath

time when I look at how those like Quikr have grown. But that's okay, I had to chose between two babies," he says.

Many a time the lack of a clear revenue model prompts start-ups to change. This happened in the case of Reviews42 and Frrole. Reviews42 moved on from a product-reviews portal to a business-to-business (B2B) company selling software to small merchants. Frrole, spun off by founder Amarpreet Kalkat from Internet products company Ciafo Techware, started as a consumer news website but now helps media companies plug relevant tweets into TV programmes and news websites. "B2B solutions have much better monetization capabilities than B2C [business-to-consumer]," says Kalkat.

Competition can also force start-ups to explore newer markets or launch newer products. Chennai-based OrangeScape Technologies started in 2004 offering client-server architecture technology to large companies that could use it to build multiple business applications. However, competition from tech giants such as IBM got OrangeScape to venture out into the Indian market offering Platform as a Service (PaaS), a cloud-computing technology. "We were one of the first companies in India to offer PaaS, so we had the first-mover advantage," says Founder and CEO Suresh Sambandam. It got about 50 large companies as clients but longer sales cycles led it to divert attention towards small and mid-size companies.

"I think I was with the right thing [classifieds] at the right time when I look at how those like Quikr have grown"

SHIVAKUMAR GANESAN, Founder, Exotel

NILOTPAL BARUAH/www.indiatodayimages.com

Policy changes can also compel start-ups to tweak their business models. One such case is PolicyBazaar. The company started as an insurance policy comparison site in 2008 and grew to ₹20 crore in annual revenue by 2011. It earned revenue by passing leads to insurance companies, but had to change after the Insurance Regulatory and Development Authority in 2011 capped the fee through leads at ₹10, a tenth of what the company was earning until then. "I haven't slept for 20 per cent of the nights since then. My hairline is receding," says Co-founder and CEO Yashish Dahiya. The company cut back on marketing and technology spends and hired about 800 people in the call centre team. "From a technology company we became a sales organisation, which is what I had never dreamt of," says Dahiya. Subsequently, PolicyBazaar was recast and now also sells insurance products. That has helped revenue jump six-fold in three years to ₹60 crore in 2013/14.

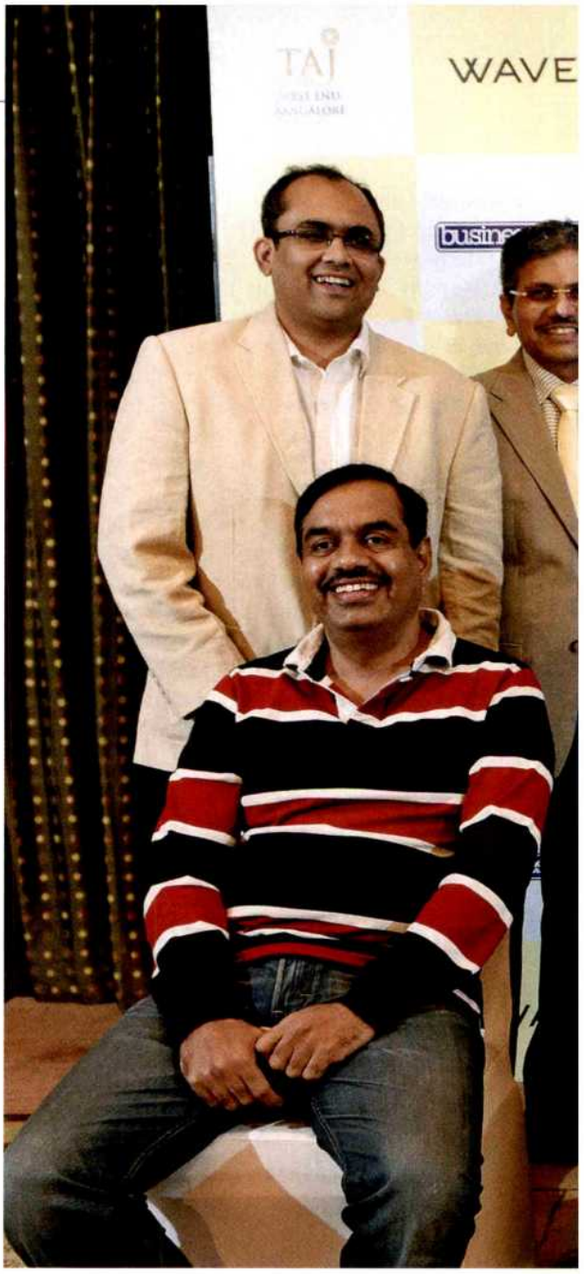
How do start-ups know it is time to change? "The obvious thing to do is to look at data that helps convince people [to change]," says Beerud Sheth, Co-founder and CEO of Webaroo, which transformed from a free group messaging application for consumers in 2007 to an enterprise communication tool. "But by the time the data comes, it is actually very late."

Course corrections are not just difficult from an operational point of view. These are great leadership and human resource challenges as well. Kiran Gopinath, Founder and CEO of Ozone Media, had to let go a huge sales team to bring in more engineers and product managers when the company changed from an advertising network to an ad technology firm. It now offers services such as programmatic media buying, which involves buying and selling ad inventory from aggregators on ad exchanges rather than from a fixed set of advertisers and publishers. "It has been extremely difficult to get people to turn around when you are making a huge change," says Gopinath. "A majority of them will be in a state of disbelief for a long time and will tend to slow you down. Sometimes, the best idea is to let them go, get fresh people and build the company again."

Not all entrepreneurs, however, can or would like to let their teams go and build their companies all over again. To change and survive or to remain emotional about the initial product or business model and sink like the captain of a sinking ship is, after all, the entrepreneur's choice. Suresh of TELiBrahma articulates this best. "In India, as long as the entrepreneur is willing to survive, the company won't go down," he says. ◆

@KhanTaslima

Interview with Exotel's Shivakumar Ganesan at
www.businesstoday.in/exotel-ganesan



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CEOs AT LUNCH

EN ROUTE TO AN INNOVATIVE NATION

CEOs at *BT*'s lunch meet in Bangalore ponder whether India has it in her to make a global mark in innovative products. By GOUTAM DAS

Long after the salad of artichoke hearts, the parma ham sandwiches, the mushroom and chives crepes had been consumed, fireworks from *Business Today*'s round table in Bangalore were still resonating – on Facebook. At the lunch, nine CEOs and investors had discussed whether India could become a product nation – globally renowned for its innovative products.

Soon afterwards, panellist Ravi Gururaj, Product Chair at NASSCOM, in his Facebook post on July 22, said: "Invigorating CEO lunch round table hosted by *Business Today* at the lovely Taj West End. Optimism all round and we reached the consensus that it's only a matter of time before the goal of transforming India into an "Innovative Nation" is achieved."

This didn't go down too well with Sharad Sharma, Founder at product think tank iSPIRT. Although he was not part of the debate, iSPIRT was represented by Shoaib Ahmed, President at Tally Solutions, and Shekhar Kirani, Partner at Accel. Sharma took on Gururaj on Facebook. "India is sliding on every Innovation Index and has fallen 10 places, yes 10 places, just last year. It is the lowest amongst the BRICS. This relentless cheerleading takes us away from meaningful conversations about what's wrong and how to fix the ecosystem. Let's be more self-critical about our ecosystem so we can actually make it better."

Gururaj soon clarified. "Plenty of deep thought and meaningful conversations went into the lunch meeting discussion. Not sure on what basis you believe it was a cheerleading session. Speaking for myself, I was certainly very critical about our present situation – the flight of talent/companies due to a poor business and regulatory environment, hurdles that prevent capital flowing into our

PHOTOGRAPHS BY NILOTPAL BARUAH

Transforming India: (Standing, from left) Lukup Media's Kallol Borah, Srini Rajam of Ittiam Systems, Ravi Gururaj of NASSCOM, *BT* Managing Editor Josey Puliyenthuruthel, investor N.R.K. Raman, & The Taj West End's Somnath Mukherjee (Seated): Exfinity's V. Balakrishnan, Poornima Shenoy of Latitude Edutech, Shoaib Ahmed of Tally Solutions, & EnterpriseNube's Subhash Dhar

early stage companies, lack of development of domestic market and lack of ability of smaller companies to sell to PSUs/government, and a ton of smaller but important friction points like the inability to effect recurring payments on credit cards, double taxation etc. I even lamented the fact that I have personally not felt compelled to use on a daily basis a single "Made in India" mobile app on my phone." Gururaj went on to summarise the discussion. "Nobody was cheering and applauding the current situation, nobody was rejoicing on a job already well done, nobody was claiming victory in any manner. We were only optimistic about the possibilities and opportunities that lie ahead to turn India into a truly innovative nation ... not just in the software products arena but across the board in many areas of technology."

Both the product veterans – Gururaj and Sharma – agreed to take their debate offline, over multiple beers. But not before Sharma posted: "I too wish for "fantastic" results, but believe that they will come from real hard work as ecosystem builders. Merely getting in front of the mini wave that we are witnessing right now is fun but not the way to get end goal."

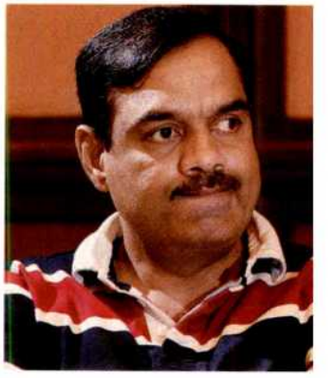
Sharma's point about the "mini wave" was discussed too – the first part of

the round table was mostly about what had changed in the Indian product world between a decade ago and now. Replying to this question from moderator Josey Puliyenthuruthel, Managing Editor, *BT*, participants said disruptive product companies could well mushroom in India over the next decade as now it takes less capital to start a company, while there is more capital available for start-ups. Also, technology has been democratised – what is available to Google, for instance, is also available to Indian firms such as InMobi.

V. Balakrishnan, Founder and Chairman at Exfinity, a private equity fund, and former board member at Infosys, said Bangalore could become a second Silicon Valley. "There are 1,000 new companies (start-ups) in Bangalore every year," he said. "The city has a lot of experienced professionals from the IT services industry, who now want to work with product companies. Fresh graduates from

Ravi Gururaj, Product Chair, NASSCOM

"We are optimistic about the possibilities and opportunities that lie ahead to turn India into a truly innovative nation across the board..."



V. Balakrishnan, Founder, Exfinity

"Bangalore can become a second Silicon Valley. There are 1,000 new companies (start-ups) in Bangalore every year..."

colleges and young professionals are also willing to take risks doing start-ups." N.R.K. Raman, former MD and CEO at Oracle Financial Services Software and now an investor, said the barriers product companies faced a decade ago had vanished. Unlike in previous years, investors are no longer enamoured by services businesses. "They are willing to fund product companies and stay invested for a longer time," he said. Accel's Kirani said India had missed the boat in creating telecom products for the domestic market. There was also little happening in aerospace and biotech. But he was hopeful of software products. The world is buying; companies globally are replacing old software with new and that presents an opportunity for Indian firms.

As Gururaj pointed out in his response to Sharma, the panellists engaged in some introspection too, and pointed

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Harvard Business Review

Choosing the Right Customer

The First Step in a Winning Strategy.

BY ROBERT SIMONS

All companies claim that their strategies are customer driven. But the term "customer" is among the most elastic in management theory. A working definition might be that your customers are the people or entities that buy your products and services and supply your revenue. That includes any number of actors in a company's value chain: consumers, wholesalers, retailers, purchasing departments, and so forth. Some companies go as far as to label internal units as customers: Manufacturing is a customer of R&D, for instance, and both are customers of HR.

Other definitions don't even require that a customer supply revenue. Pharma giant Merck's most important customers are not the patients who use its drugs or the physicians who prescribe them. Instead, Merck has chosen research scientists in labs and universities around the world as its primary customer. Accordingly, its business model relies on encouraging its own world-class researchers to act like university scientists by conducting basic research, publishing papers, and presenting results at conferences, all with the intent of discovering groundbreaking compounds that can then be commercialised by Merck's marketing and sales group. The business is even configured like a research university – a simple functional structure in which a powerful, centralised R&D unit receives the bulk of organisational resources.

Unsurprisingly, perhaps, many executives are reluctant to define their customers as narrowly as Merck has. By not singling out any group as the primary customer, executives can sidestep difficult choices that might turn out badly – a temptation that's particularly strong in new, rapidly evolving markets. What's more, many business leaders believe that treating all value chain partners as customers improves internal coordination and responsiveness.

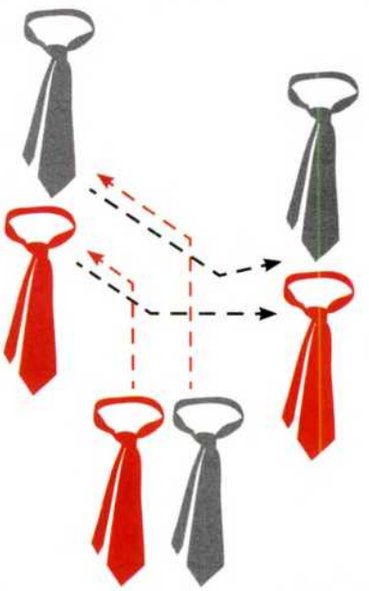
But by not identifying one primary customer, companies that consider themselves "customer focused" soon become anything but. Consider the contrasting fortunes of Yahoo and Google. Yahoo began as a broad-based Internet portal supported by proprietary editorial content. To attract users, it hired journalists to write entertainment stories and created utilities such as Yahoo finance, Yahoo movies, and Yahoo sports. Over time, Yahoo executives began to spread resources among many additional initiatives, including social networks, products, media, and advertising. As a result, they underinvested in search, and the website became messy and confusing.

Then Google entered the field. From the outset, Google focused on users who appreciated technology and its ability to unlock new opportunities and applications. Like Merck, Google allocated the lion's share of its resources (and prestige) to its technologists and engineers, who were given freedom to innovate. The aim throughout the busi-

ILLUSTRATIONS BY RAJ VERMA

ness was to build the best technology in the world – whether in search, Android, or maps. With that sharply focused value proposition and business model, Google quickly leapfrogged Yahoo in the competitive marketplace.

The bottom line is this: The strategic choice of primary customer – with special emphasis on "primary" – defines the business. This is certainly true at Amazon, which serves four very different types of customer: consumers, sellers, enterprises, and content providers. You might think that it considers all four customer groups to be equally important. But the company's choice of primary customer is reflected clearly in its well-known mission "to be the world's most consumer-centric company." Amazon devotes maximum resources to pleasing consumers, even if



Amazon devotes its resources to pleasing consumers, even if that means sellers or content providers sometimes feel shortchanged

that means sellers or content providers sometimes feel shortchanged (sellers whose storefronts are hosted on the Amazon platform have been known to sue Amazon for more resources). This unwavering focus on consumers has created innovations such as prime free shipping, detailed product reviews (including negative ones), look-inside-this-book, and the listing of lower-priced products from off-site competitors. These practices have often been criticised as inherently unprofitable or injurious to Amazon's other constituents. But the main results of the company's choice are the ones that count most: unparalleled customer loyalty and stratospheric stock valuations.

In the following pages I'll present a truly customer-driven framework that can help executives build winning business models for their companies. The framework lays out four steps: identifying the best primary customer for your business, creating processes to learn what that customer values, allocating resources accordingly, and building an interactive control process to monitor the assumptions that underlie your choice.

STEP I
Identify Your Primary Customer

As the cases of Merck, Google, and Amazon illustrate, your most important customers are not those that generate the most revenue but those that can unlock the most value in your business. For some businesses, the primary customer will be the end user or consumer of the product or service. For others, an intermediary (such as a reseller or a broker) will be the critical customer to which organisational resources should be devoted.

But how can executives be confident that they're making the right choice? Identifying the best primary customer for your firm involves assessing each group of customers along three dimensions: perspective, capabilities, and profit potential. Let's look briefly at each.

Perspective refers to the culture, mission, and folklore of a business, often revealed in stories about important events or people in the company's history. It is the lens through which executives consider opportunities and strategic direction. Steve Jobs's obsession with perfection in product design created a legacy that frames the opportunities Apple managers will (and will not) consider. Walmart's Sam Walton was famously frugal in his own life. And Amazon founder Jeff Bezos is a zealot about delivering a superior experience to shoppers. "When [executives of other companies] are in the shower in the morning, they're thinking about how they're going to get ahead of one of their top competitors," he told *Fortune* in 2012. "Here in the shower, we're thinking about how we are going to invent something on behalf of a customer." Clearly, the choice of primary customer must reflect a company's perspective; otherwise the company will be unable to leverage the energy and creativity of its people in service to the customer.

Capabilities refers to the embedded resources of the firm.

Some firms excel at technology (Apple, Google, Airbus), some at logistics (Walmart, Amazon, Dell). Others provide superior brand marketing (Ralph Lauren, Nestlé, P&G) or have industry-specific capabilities (original content production at HBO and Netflix, mining at BPH Billiton). Such capabilities, which are built up over time and are often difficult to copy, position a business to serve the needs of certain customers better than others. Dell in its early years built a formidable low-cost logistics operation to support its direct-to-consumer sales model. Today, the company is attempting to change its primary customer by refocusing on CIOs of large enterprises. This pivot has proved difficult for Dell because CIOs look for a set of capabilities – integrated hardware, software, and services solutions – very different from what end consumers need.

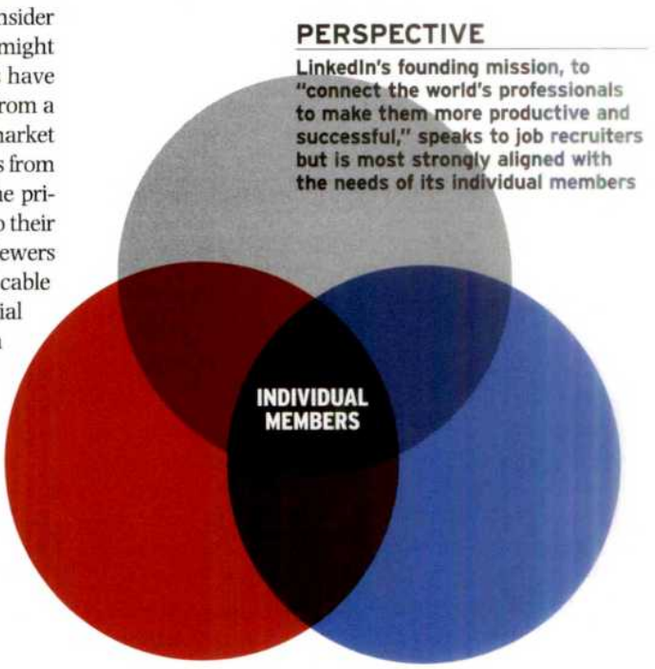
Profit potential refers to a customer's ability to deliver profits. Techniques such as Michael Porter's five forces analysis can provide insight into the relative profitability of various customer types – and help weed out those that would be a poor choice for primary customer. Consider HBO. Cable operators that purchase HBO's content might seem to be the obvious choice. But cable operators have low switching costs – they can easily buy content from a variety of producers. Thus HBO would have little market power and would be unable to extract high margins from cable operators. But by targeting filmmakers as the primary customer and devoting significant resources to their needs, HBO can create the unique products that viewers demand, allowing it to charge premium prices that cable operators cannot negotiate. Of course, profit potential isn't always about customers who can pay premium prices; becoming the preferred destination for cost-conscious customers can deliver substantial profits through volume, as Walmart has demonstrated.

LinkedIn is one successful company whose primary customer clearly fits all three dimensions. For more on how it settled on individuals (rather than job recruiters or advertisers), see *How LinkedIn Chose Its Primary Customer*.

HOW LINKEDIN CHOSE ITS PRIMARY CUSTOMER

Identifying your primary customer involves assessing each group of customers along three dimensions: *perspective* (your company's culture, mission, and folklore), *capabilities* (distinctive embedded resources), and *profit potential* (the customer's ability to deliver profits). The group that best satisfies all three conditions should be the primary customer.

Consider LinkedIn. In deciding where to focus, executives had to choose among three kinds of customers that all had the potential to generate substantial revenue: job recruiters, advertisers, and individual members.



STEP II
Understand What Your Primary Customer Values

Once you've determined who your primary customer is, the next step is to identify which product and service attributes the customer values. Within the same market and industry, different primary customers may value different things: Some demand the lowest possible price, others want a dedicated service relationship, and still others are looking for the best technology or brand or other specific attribute. To complicate matters, customers often don't know exactly what it is they value.

Uncovering the full truth about their needs requires systematic research at multiple levels.

Let's take the easy part first. Assume you have already chosen the best primary customer and have a good working idea of what the customer wants. There's still plenty of room for improvement. You can refine your understanding by leveraging today's easy and cheap access to data on customer buying habits, preferences, and search activities. Data analytics is an important tool in uncovering and rapidly responding to changing customer needs. At Google, separate analytics teams for display, search, and maps spend untold hours in their labs with customers studying eye movement and other variables to gauge their reactions to subtle product modifications such as changes in colour. Nestlé has a war room where analysts monitor social media to track chatter that relates to or affects the acceptance of its products. The analysts use the intelligence to inform product research and marketing decisions and to evaluate in real time how well their value propositions are meeting the needs of the primary customer.

Such data can help you fine-tune a product or a website's functionality to better meet your customer's known needs. They're unlikely, though, to help you identify what your customers want but aren't getting. For that, you need to actually ask them. Smart companies set up systematic dialogues with their primary customers. Managers at FedEx, for example, hold twice-yearly summits where they bring in a sampling of business customers (the firm's primary customer) to ask them where FedEx is doing a good job of meeting their needs and where competitors are doing better. At Germany's Henkel, the world's leader in adhesives, CEO Kasper Rorsted has created a "tops to tops" programme in which all executives are required to meet regularly with their counterparts at major customers to ensure that their needs are understood and the company is responding appropriately. Other companies, especially those with rapid product cycles, manage the dialogue through new-product testing. Google's Gmail, for example, was released after five years of beta testing by more than 1,000 technology opinion leaders.

Finally, you should set up processes for identifying products or services that customers may not know they need. This can be challenging – and expensive. Smart companies typically rely on ethnographic methods. At P&G, for instance, where consumers are the primary customer, executives ask their managers and market researchers to spend days at a time accompanying consumers on shopping trips and sitting at the family dinner table to more fully understand the extent to which various products meet consumer needs. CEO A.G. Lafley recounts in his book *The Game Changer* how the experiences of P&G executives living with lower-middle-class families in Mexico City produced Downy Single Rinse, a fabric softener that is simpler to use for markets where water is in short supply.

Most companies assume that their products and services meet the needs of their customers. But surprisingly few actually test this assumption. So ask yourself, What are the processes we use to make sure that we truly understand what our customers value and that we can deliver value better than our competitors do?

Customers often don't know exactly what it is they value. Uncovering the full truth about their needs requires systematic research at multiple levels

STEP III
Allocate Resources to Win

As we saw with Merck and Amazon, your choice of primary customer and your understanding of what the customer values provide all the information you need to make the critically important decision of how to organise your company's resources – in other words, what kind of business model to adopt. There are five basic configurations you can choose from.

Low price. If your primary customer is looking for the lowest possible price, centralised operating functions (such as merchandising and distribution) should receive the bulk of organisational resources, in order to create economies of scale and scope. Customer-facing units, such as stores or restaurants, should receive relatively few resources. This is the configuration used by Walmart.

Local value creation. If your customer values products and services that are customised to local tastes, preferences, and regulations, you should organise like Nestlé. It pushes resources out to regions so that local managers can customise product offerings, while operating core functions are limited to corporate-level support activities.

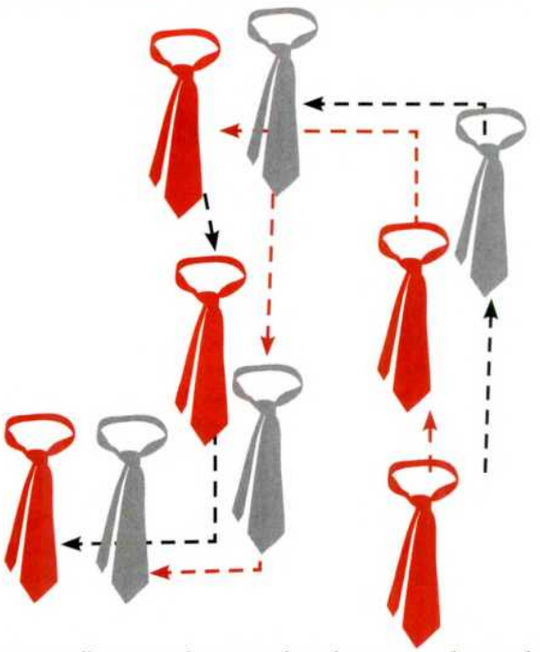
Global standard of excellence. If your customers are looking for the best possible technology or brand no matter where they are located, you should organise resources around global business units that are defined by product lines. This configuration allows focus and leverage in R&D, brand marketing, and distribution. Microsoft, for example, has separate business units for Windows, servers, MSN, mobile, and Xbox. Each unit has full revenue and profit

responsibility and its own R&D. (Note: Microsoft has recently announced that it intends to change its structure to more of an expert knowledge organisation – described below – to emulate Google.)

Dedicated service relationship. If your customer is looking for an ongoing, deeply embedded service relationship, you should organise like IBM. Customer teams in industry-based "verticals" marshal and coordinate product and service delivery from centralised, product-based "horizontal" units.

Expert knowledge. Finally, if your primary customer is looking for expert technical knowledge, you should follow the example of Google and Merck, where R&D sits prominently on top of product organisations that receive the lion's share of the company's attention and resources, with other functions playing a supporting role. These R&D-led product units, which may be distributed in centres around the world, have no revenue responsibility: They are focused entirely on product development and on creating breakthrough technology. All sales revenue is routed through a centralised, stand-alone sales division that is configured as a distinct function.

Of course, various permutations and combinations of these five basic configurations are possible. Many companies will want to leverage the advantages of several models at once. Some companies experiment with matrix structures that can simultaneously emphasise, say, geography and function or business unit and region. This "split the difference" approach can be appealing if, for example, you are an engineering company like ABB and your primary customer is government purchasers that demand both the best technical features (global standard of excellence) and customised content (local value creation). But it should be noted that matrix organisations are notoriously difficult to manage; all too often, a matrix structure reflects an inherent confusion about who the primary customer is rather than an effective response to the customer's needs and preferences.



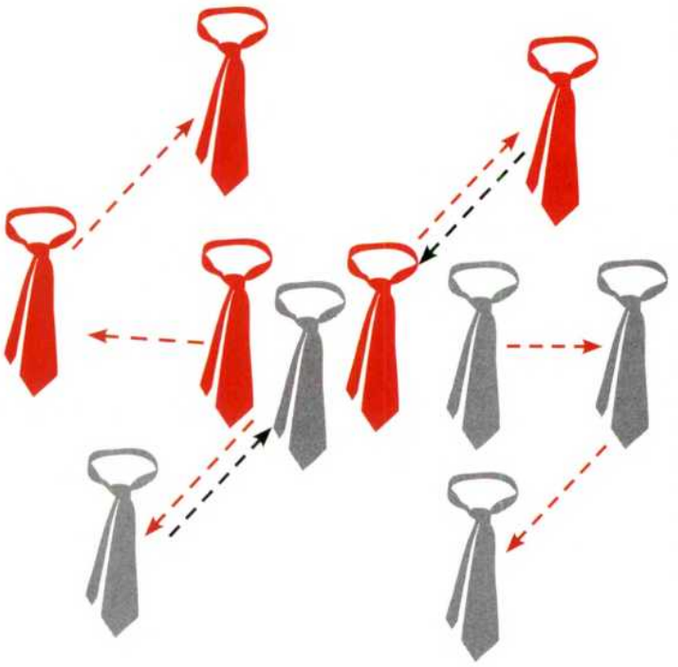
As a general proposition, when a business finds that it has more than one primary customer, it should be split into separate units and adopt for each the configuration that best allows it to focus resources on the needs of its primary customer ("the rule of one"). At Nestlé, for example, although most of the business is structured using a local value configuration, the company's strategy differs for two of its brands: Nespresso and Mövenpick. Customers want a consistent, premium experience from those brands regardless of location. Accordingly, those businesses are managed using a global standard of excellence configuration in which resources are centralised and managed globally.

In reviewing a business model, the key question executives should ask is this: Do the choices we have made about the company's structure reflect our choice of primary customer? If the answer is no, competitors whose business models are consistent with their chosen primary customer will almost certainly be outplaying you.

STEP IV
Make the Control Process Interactive

As good as your business model may be today, it cannot and will not survive forever. Customer tastes will change, new technologies will replace old, unforeseen competitors will enter the market, and regulations and population demographics will evolve over time. That means you must constantly gather information on shifts in your competitive environment, especially those that might affect the behaviour of your primary customer. You must be alert to emerging threats and opportunities that will redefine what your customer values and that customer's profit potential. If the changes are dramatic, you may need to fundamentally reorient your business model – and even, in the most radical situations, select a different primary customer.

The best way to get the information you need is to make sure that your company's control systems are interactive. Everyone in the organisation should be using the same performance measures as the basis for learning and debate. Monitoring changes in customer behaviour and the competitive environment, in particular, is not a function to be delegated to a special department. As a technology executive recently told me: "Companies that get it wrong are those that build departments with 'innovation' in their titles. We need to have everyone in the business innovating."



They deliver information about uncertainties that could undermine the assumptions of a current strategy and require attention from the highest levels of management; they are widely used in the organisation, receiving frequent and regular attention from operating managers at all levels; and they involve face-to-face meetings that focus on emerging data, assumptions, and action plans. There is no substitute for the energy and creativity that flow from open debate when participants leave their titles at the door.

In using interactive control processes, managers should continually ask three questions: What has changed? Why? and, most important, What are we going to do about it? If you identify changes in your customers' profit potential, for instance, you might want to rethink your choice of your primary customer. Changes in tastes, regulations, technology, or competition may alter what it is that your primary customer values – resulting in a need to reallocate resources or redesign your business structure.

IF YOU HAVE significant first-mover advantage thanks to a new technology – or if competitors are evolving and struggling to find their way – you may be able to duck making a choice of primary customer, opting instead to stay fluid and focus on experimentation. But the entrepreneurial landscape is littered with the carcasses of companies that tried to be everything to everyone. Like Yahoo, they muddled along until they were overtaken by crisis, often bringing in a new leader in a last-ditch effort to impose discipline and focus on a failing business. It is, I believe, ultimately less risky to be proactive and make the key strategic bet of choosing a primary customer. Companies that hedge their bets usually find themselves looking at the taillights of their more decisive and committed competitors. ◆

Companies that hedge their bets usually find themselves looking at the taillights of their more decisive competitors

Depending on your business strategy and industry, you can choose to use any of your current management systems interactively – your profit planning system, your brand revenue system, your orders-on-book or new deal system. At HBO, for example, executives constantly track the company's success rate in bidding for new shows from filmmakers and use that measure to prompt a discussion among managers throughout the business about changes in the competitive marketplace that could affect their strategy. Amazon's category managers use their Monday morning meetings as a forum to study data about product assortment choices, revenue growth, customer orders, and inventory turnover. Reflecting the firm's leadership principles (customer obsession; bias for action; earn trust of others; dive deep; and have backbone, disagree, and commit), these meetings are highly interactive as managers from a diverse array of functions work together to interpret the data and come up with action plans. Some of these actions may, over time, plant the seeds of a new strategy.

Systems that work well interactively – like those at HBO and Amazon – share three essential characteristics:

Robert Simons *is the Charles M. Williams Professor of Business Administration at Harvard Business School. He is the author of* Seven Strategy Questions: A Simple Approach for Better Execution *(Harvard Business Review Press, 2010).* *This article was published in* Harvard Business Review, *March 2014.* *Copyright ©2014 Harvard Business School Publishing Corporation. All rights reserved.*

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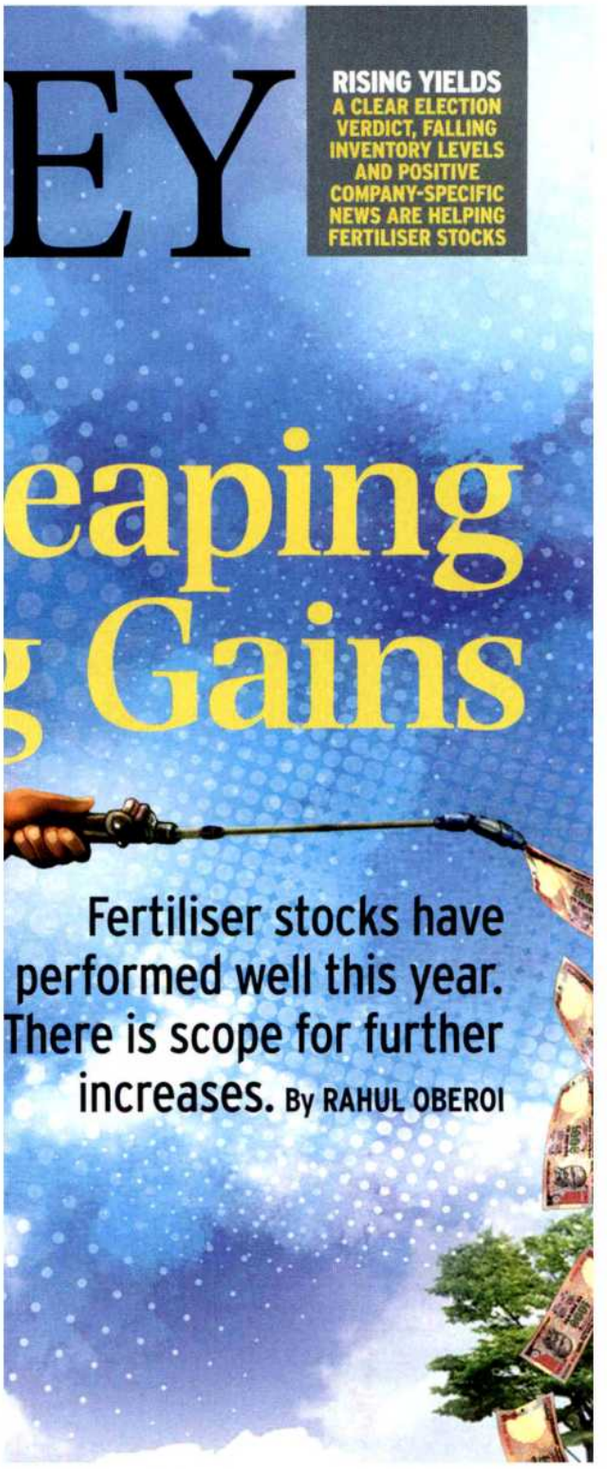


Fertiliser stocks have performed well this year. There is scope for further increases. By RAHUL OBEROI

There is new life in the fertiliser sector. After three years of negative returns, fertiliser stocks have been on an upswing since the start of 2014/15. Between April 1 and June 2, they surged 32 per cent on average compared with a 10.26 per cent rise in the Bombay Stock Exchange (BSE) Sensex. In 2011/12, 2012/13 and 2013/14, they had fallen 9.5 per cent, 20 per cent and 3.6 per cent, respectively, on average. The Sensex had fallen 10 per cent in 2011/12, before gaining eight per cent and 19 per cent in the two subsequent years.

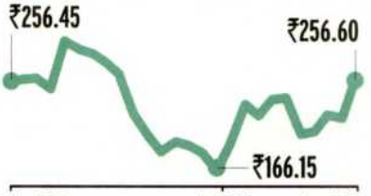
Analysts say the recent rally in fertiliser stocks can be attributed to the upbeat sentiment after the general elections and company-specific news. For example, Mangalore Chemicals rose 15.39 per cent to ₹71.60 because of open offers by Deepak Fertilisers and Petrochemicals Corporation and Zuari Global. Coromandel International and Deepak Fertilisers did well due to investor expectations of favourable government decisions. Since the start of 2014/15, these two have surged 16.4 per cent to ₹258.55 and 26.6 per cent to ₹152.20, respectively.

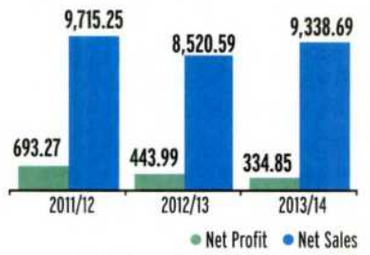
Nikhil Kamath, Director, Zerodha, an online brokerage, says: "The upward movement is likely to continue in the near future. Any quantum change can be expected only in the third quarter of 2014."

Runjhun Jain, Senior Research Analyst, Nirmal Bang Securities, says: "Most fertiliser stocks failed to perform well in 2013/14 as the companies were burdened by high outstanding subsidy, rising fertiliser prices which led to a fall in volumes, and excess inventory and, therefore, higher working capital requirement. This impacted profitability. However, a clear election verdict, falling inventory levels and company-specific news have helped the sector register gains in the ongoing financial year."

In 2013/14, Tata Chemicals, Rashtriya Chemicals and Fertilizers (RCF), Fertilizers and Chemicals Travancore, and Gujarat State Fertilizers & Chemicals (GSFC) had tanked 11.38 per cent to ₹286.85, 13.9 per cent to ₹33.10, seven per cent to ₹20.55 and four per cent to ₹56.30, respectively. Coromandel and Deepak Fertilisers rose 14.8 per cent to ₹222.10 and 20.13 per cent to ₹120.20, respectively.

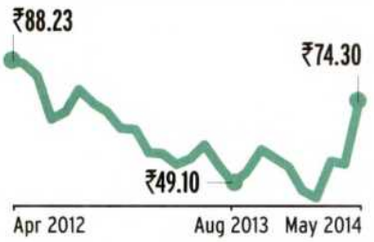
Coromandel International

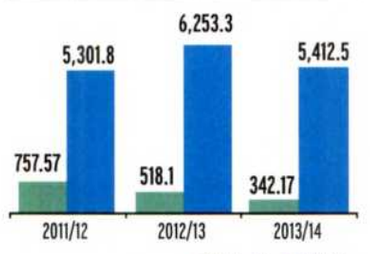




The first graph shows share price movement
Net profit, sales in ₹ crore Source: Ace Equity

Gujarat State Fertilizers & Chemicals





The first graph shows share price movement
Net profit, sales in ₹ crore Source: Ace Equity

Valuation and Outlook

Are fertiliser stocks attractive at the present valuation? Among the 23 stocks listed on the BSE, the price-to-earnings (PE) ratio of 15 was lower than the industry average of 11.64 on June 2. Deepak Fertilisers, Chambal Fertilisers and Chemicals and GSFC were trading at PE ratios of 5.50, 6.60 and 8.74, respectively. The PE ratio is a valuation measure that shows a stock's price relative to the company's earnings.

Ankit Aggarwal, Director, Alankit Assignments, says: "Various reforms [mainly related to pricing] are on the horizon. Many supplementary sectors such as agriculture and chemical stand to gain from the changing economic scenario, pushing up fertiliser stocks. There is also expectation that urea prices will be increased by 10 per cent."

J.K. Jain, Head of Research, Karvy Stock Broking, says: "We are highly bullish on players with high DAP/NPK and complex fertiliser capacities and with significant capacities of chemicals derived from ammonia and crude oil derivatives." Coromandel, GSFC, and RCF are among the large companies which manufacture DAP/NPK fertilisers.

DAP stands for di-ammonium phosphate while NPK is composed of three main elements: Nitrogen (N), Phosphorus (P), and Potassium (K).

El Nino Impact

However, market experts say that below-normal rains this summer, as is being predicted, can ruin the party. The India Meteorological Department has indicated 33 per cent below-normal rain this season due to the impact of the El Nino, a weather condition that affects wind patterns, causing floods and droughts in different parts of the world.

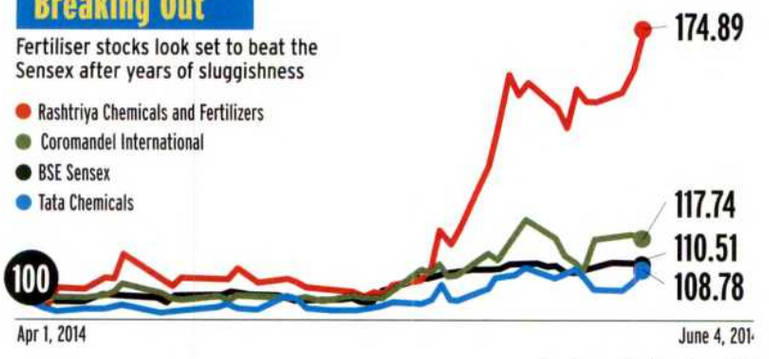
Poor rainfall could lead to building up of inventory at distributors and retailers as was the case at the

beginning of 2013/14 when DAP inventory of 40 to 45 lakh tonnes piled up across the country against the normal level of 15 to 20 lakh tonnes. Karvy's Jain says: "This could lead to price erosion, which along with the drop in volumes could impact the profitability of companies in the next financial year." Aggarwal of Alankit Assignments says: "A good monsoon last year ensured high demand for fertilisers. Low rainfall this year can hit farm output and impact fertiliser companies."

Jain also says that there has been a significant drop in international prices of fertilisers such as urea. "This, though, is not the case with complex fertilisers like DAP, which along with the fall in prices of rock phosphate might help complex fertiliser makers expand margins to a small extent. For complex fertiliser makers, the margin expansion could be limited because of steady short-term upward trend being seen in prices of ammonia and phosphoric acid. Thus, pure-play urea players might end up seeing a drop in margins because of cheaper imports. But this, too, could be moderated to an extent by export of ammonia if domestic demand is weak and international prices continue to support such a move," he says.

Breaking Out

Fertiliser stocks look set to beat the Sensex after years of sluggishness



Graph normalised to a base of 10(

Recent Developments

The Cabinet Committee on Economic Affairs (CCEA) in February cleared an increase in the fixed cost of urea by up to ₹350 per tonne. For plants that are more than 30 years old, the increase was ₹500 per tonne. For urea plants the fixed cost includes salary, repair maintenance and selling expenses. The increase will push up the cost of production. As the selling price is fixed, the move will result in a higher subsidy bill.

The CCEA also cleared amendments to the investment policy to encourage companies to invest so that India can reduce its dependence on imports. The policy has got a good response as about 13 urea makers including RCF and Tata Chemicals have applied for expansion.

India's urea output has been stagnant at 22 million tonnes for some years. The shortage of eight million tonnes is met through imports.

According to India Ratings, fertilisers, chemicals and automotive suppliers have shown a negative sensitivity change to rupee depreciation, with operating profit getting affected to the extent of 0.5 per cent to 1.4 per cent in 2012/13 for every one per cent rupee fall. However, margins will expand if the rupee rises. In the previous financial year, the rupee had plunged 10.43 per cent to 60.09 against the US dollar.

Investment Options

Coromandel International: In 2013/14, the stock had risen 15 per cent; it was at ₹222.10 on March 31

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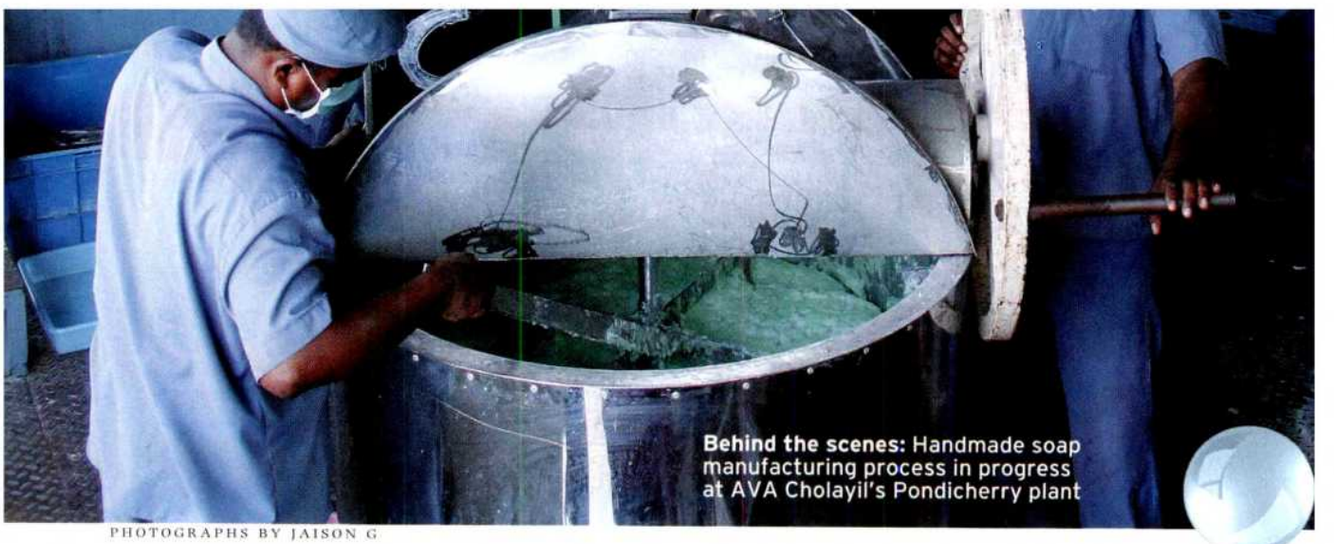


Behind the scenes: Handmade soap manufacturing process in progress at AVA Cholayil's Pondicherry plant

PHOTOGRAPHS BY JAISON G

SOAP OPERA

The AVA Cholayil group has defied all odds to remain a handmade soap maker and also become India's largest. By N. MADHAVAN

All employees of AVA Cholayil Health Care Pvt Ltd start their day with a 15-minute yoga session. Why? It is important for them to remain physically fit and mentally alert at work, which is not only unique but also quite stressful. The 262 employees, spread across two factories in Chennai and one each in Pondicherry and Bangalore, make 10 crore bars of bathing soap every year by hand, without the help of machines and without using a single unit of electricity. AVA Cholayil Health Care, which sells 15 crore Medimix brand of soaps annually in south India (two third-party units supply the balance five crore soap bars), is the largest handmade soap maker in the country, and probably globally. The company has recently applied for listing in the Limca Book of Records. Its revenue for 2013/14 stood at ₹200 crore and it has a four per cent market share in south India (see *Market Sweepstakes*).

Soap-making is predominantly mechanised. Of the four lakh tonnes of bathing soap manufactured in India, only about 8,000 tonnes are handmade. The reasons are not far to seek. Handmade soaps are laborious to make and it is extremely difficult to increase production. It involves employing a large number of workers, which results in labour-associated problems. Maintaining consistency in quality, process integrity and safety are also big challenges. It is for these reasons handmade soaps have remained a cottage industry, and large soap makers such as Hindustan Unilever Ltd (HUL), Wipro and Godrej have shifted to mechanised production.

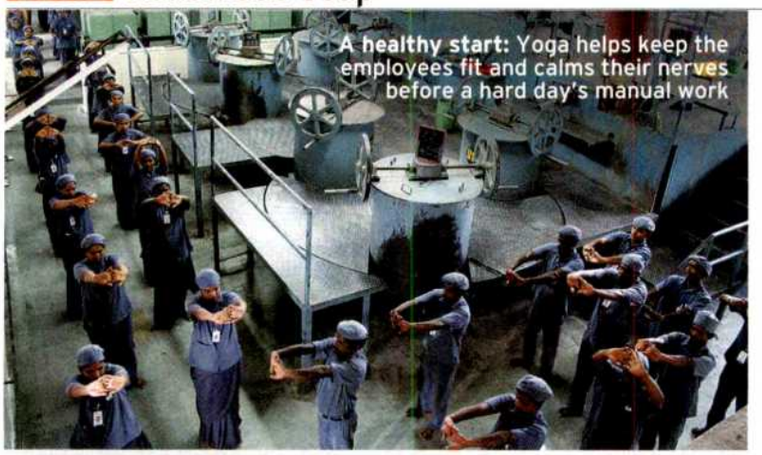
Through ingenuity, AVA Cholayil Health Care has done the impossible of scaling up its handmade soap-making process to an industrial scale. Its output in 2013/14, according to ORG, was 6,417 tonnes, which accounted for almost 80 per cent of the total handmade soap output in the country. Chandrika Soap, now part of Wipro, is the only other major handmade soap maker with output of 1,767 tonnes.

The origin of AVA Cholayil can be traced to the

Market Sweepstakes

Medimix is the sixth-largest soap brand in south India

All figures for 2013/14
Others include Rexona, Chandrika, Margo, Mysore Sandal, Vivel, etc.
Source: ORG data



A healthy start: Yoga helps keep the employees fit and calms their nerves before a hard day's manual work

Mission Impossible

Why handmade soaps have remained a cottage industry:

- Capacity limitation: There is a limit to what can be done manually without the use of electricity, and expanding can prove disastrous
- Maintaining quality: Ensuring uniform quality is a challenge in a manual process, unlike in the case of machines
- Labour involvement: Making soap by hand is backbreaking work. Attracting and retaining people is a tough task
- Safety: The soap-making process is accident-prone and even more so at higher volumes

How the company faced challenges and scaled up:

- Designed machinery in-house that used gravity, reduced employee stress and enhanced production to industrial levels without using electricity
- Put in place systems to ensure process control and strict adherence to standard operating procedures
- Kept workers happy by paying them well, sharing productivity gains, creating an innovation culture and rewarding performance
- Constantly innovated to design machinery and process that reduced accidents

kitchen of Dr V.P. Sidhan, a physician who worked in the Indian Railways and belonged to a family of ayurveda practitioners in Trichur, Kerala. He used oils which his ancestors had effectively used to treat skin diseases, to produce soap and launched Medimix in 1969. He kept the process handmade as there was very little money to invest. (The Cholayil group, which he set up, split amicably by the turn of the century. AVA Cholayil is headed by the founder's son-in-law A.V. Anoop and handles the southern market, while the rest of India is handled by Dr Sidhan's son V.S. Pradeep. Both the groups share the Medimix brand, but Cholayil has mechanised some parts of the production process.)

See how AVA Cholayil makes its Medimix brand of soaps at www.businesstoday.in/ medimix-behindthescenes

Medimix was initially sold as a skin-care soap. Its transformation as a consumer product began in early 1980s when Anoop entered the business. "After the brand's transformation as an FMCG [Fast-Moving Consumer Goods] product, we expanded by adding more factories but retained the handmaking process," says Anoop. The fact that handmade soaps had nil excise duty compared to 12.36 per cent for soaps manufactured using the mechanised process was a motivation (this benefit was removed in 2005). There, however, were other reasons as well.

"Going mechanised would have meant letting go of the bulk of the 300 employees we had. It was against our social consciousness," explains Anoop. There were two other reasons. Handmade soaps are superior to machine-made soaps as they are skin-friendly. The process enables use of a higher proportion of coconut oil (which is good for the skin), adding more additives, especially ayurvedic herbs, and retaining natural glycerine, which leaves the skin soft. Also, the manufacturing process is environment-friendly as it does not use electricity at all.

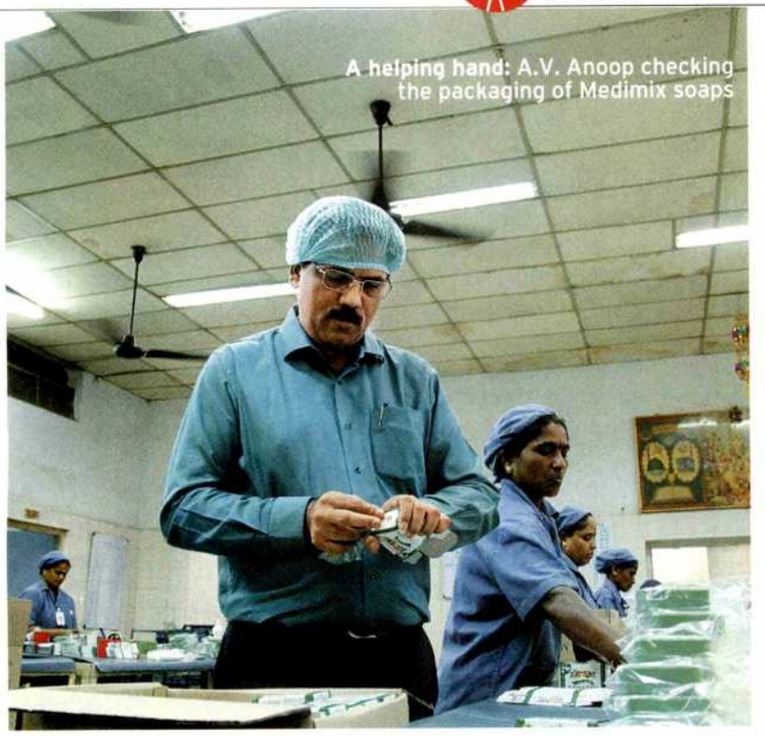
Many Challenges

The decision to remain a handmade manufacturer opened up many challenges. No one, till then, had scaled up a handmade soap manufacturing process beyond a point and demand for Medimix was rising sharply. Production in late-1990s was just six crore units annually.

The other challenge was people. The handmade process is backbreaking and unsafe. Workers have to physically lift hot oil, cart it to mixing drums, mix it, remove the soap, cut and pack them. In 1990s, the average age of the workers was in the mid-20s and the company's management realised that the workers will not be able to continue doing the work as they age. "We needed to figure out a way to scale up production, reduce stress and keep the operation safe," recalls U. Divakaran, Vice President – Operations. An external consultant appointed by the company said it was impossible to do so. The company then turned to its workers for insights in early 2000.

"The workers came up with solutions no manage-

Interviews with A.V. Anoop and U. Divakaran, and video of the soap-packaging process at www.businesstoday.in/ava-cholayil



A helping hand: A.V. Anoop checking the packaging of Medimix soaps

"Innovation has kept us going so far **and I am sure we will come up with a solution** to remain a handmade soap maker forever"

A.V. ANOOP, MD, AVA Cholayil Health Care

ment consultants could," says Anoop. Why not, for instance, use gravity and make the process less stressful, they asked. The management realised that such a process will also help the company dramatically increase production. Machinery was developed in-house to put this plan into operation. An elevated ramp was constructed from which trucks downloaded the raw materials – coconut oil, palm oil and caustic soda lye into storage tanks.

So, using hand-rotated pumps, the raw material was pumped into overhead tanks. This then flowed into heating and mixing drums placed at different elevation, thus obviating the need to carry oil. Hand-rotated wheels were used to mix the ingredients. The soap was then poured into moulds and left for maturation. The employees then came up with innovations to cut the mould into plates and bars by designing machinery that again worked through hand-rotated wheels. The stamping process, the most accident-prone, was tweaked to make it safe.

The second-biggest challenge in ramping up a handmade process was labour involvement. Without that, maintaining consistent quality and adherence to standard operating procedures would be impossible. So, the management turned its focus to workers welfare. "We increased their salaries and put in place a system where productivity gains were shared with employees," says Divakaran. Average monthly salary today is around ₹18,000.

To improve productivity, quality, housekeeping and keep innovation flowing, awards have been instituted and the four factories compete for them. "The knowledge bank we have set up has 250 ideas given by the employees," he adds. These measures have improved productivity sharply. In 2003, the average packing was seven cakes per minute. Now, it is 12. Workers stamped 4,500 units per day then. Now, it is 12,000. The average yield per mould (matured soap converted into bars) at 90.56 per cent is higher than the 85 per cent mechanised operation delivers. Last year, the aggregate output rose 21 per cent despite a drop in staff strength from 320 to 262 after the company offered a voluntary retirement scheme.

The company says gaining a pricing premium for its handmade soaps is a focus area. "We have launched Medimix Clear Glycerine soap. It is priced higher than classic Medimix and will help in refreshing the ageing brand," says K.H.S. Manian, President of the company. Despite attempts by rivals such as HUL, Godrej and Wipro to come up with an ayurvedic soap, Medimix Classic's appeal remains strong. In fact, in the mid-1990s, HUL (then Hindustan Lever) tried to acquire Medimix but Anoop refused to part with the company. "They do not have a background in ayurveda," says Manian. Today, Medimix Classic accounts for 80 per cent of the company's sales. The brand ranks among the top 20 in south India in the *Most Trusted Brands of India 2013* Survey by Brand Trust Report.

While all is well now, Anoop constantly worries about the future. "I wonder whether we will get workers once this batch retires," he says. "Innovation has kept us going so far and I am sure we will come up with a solution to remain a handmade soap maker forever." ◆

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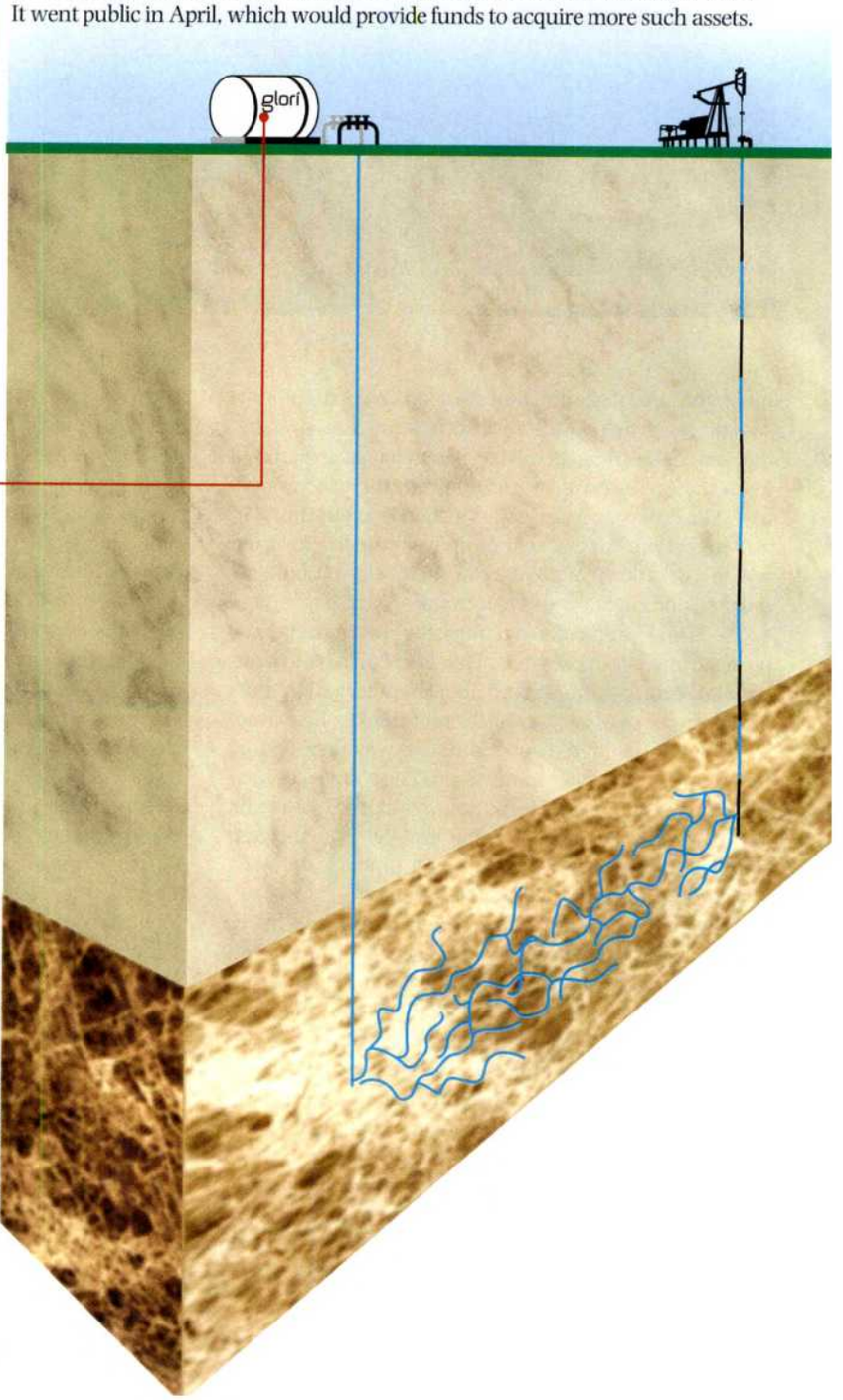
Glori Energy

Microbes to Extract More Oil from Depleted Wells

Given that oil plays such an important role in the global economy, it is surprising how inefficient current extraction methods are. As a ballpark figure, consider that only 30 to 35 per cent of the total oil present in a reservoir is recovered for use. Building on methods developed by TERI and ONGC in India, Glori Energy, a Texas-based company, says it can extract another nine to 12 per cent – a third more than the oil originally extracted – while improving regular production by 60 to 100 per cent. The company, which has collaborated with Norway's Statoil and Brazil's Petrobras, acquired its own oilfield in March. It went public in April, which would provide funds to acquire more such assets.



STIRRING SUBTERRANEAN MICROBES: Glori Energy's system comes at the stage of oil recovery after primary extraction when waterflooding is used. By this time, Glori already knows the microbiology of the reservoir. It tries to provide the right environment for useful microbes to thrive: nutrients can piggyback on the injection system and the water quality is also controlled.

ILLUSTRATIONS BY GLORI ENERGY

Edited interview with Michael Schulhof at www.businesstoday.in/gti-schulhof

If you are a cool nerdy start-up, and would like t in these pages, write to us at btscience@intc

1 BACKSTORY

In the mid-2000s, TERI, working with ONGC in Gujarat, demonstrated a system in field trials where microbes native to a reservoir could be used to squeeze out more oil. The broad idea of using microbes had been known for more than 50 years, but was only marginally successful.

Around this time, Rajendra Pachauri, TERI's Director General, met Michael Schulhof at an event in New York. Schulhof, the former CEO of Sony Corp. of America, was an investor in several Indian companies. After visiting the TERI lab in Delhi, Schulhof decided this was a technology he wanted to invest in. Glori Energy, then Glori Oil, was founded in 2005.

2 HOW IT WORKS

Interfacial tension, the stickiness between the oil and water, keeps the oil trapped in the rocks of the reservoir. What the technology does is to loosen the oil by making the microbes to do the work of a surfactant. A surfactant, which is equivalent of a slippery soap or detergent, can also be directly used in oil wells, but its drawback is the cost involved. The microbes, on the other hand, are already present in the reservoir but have to be activated.

3 BREAKING OUT

In 2009, Glori Energy gathered expertise by

"It is the n between sc and busine creates a c

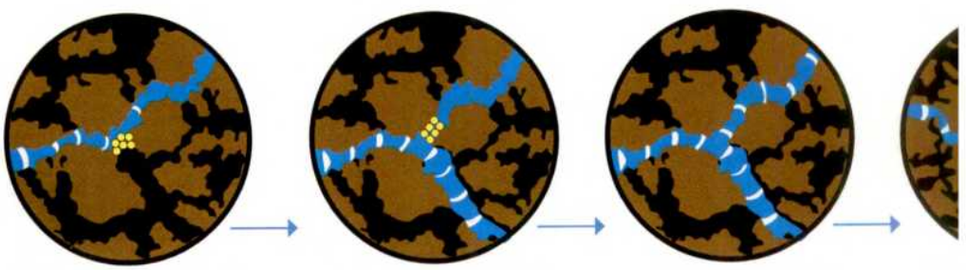
MICHAEL SCHULH
Founder, GTI Group

entering a technology agreement with St the Norwegian oil giant, which has been working on similar technologies for a qua of a century. The year before that, it had bought Biotopics, an Argentine company working on microbial technology. In 201 it entered into a collaboration with the Winogradsky Institute in Russia.

4 PLATFORM PITCH

Microbes present in reservoirs can be ut for other purposes, such as preventing v deposition in oil wells and decreasing viscosity of crude oil. But what is also essential is to know the specifics of each reservoir and Glori believes it has gaine enough data points through its collabora so that it can go to each well with a tail made solution. The business pitch is economics, since the capital investment drill the oil well has already been made the bigger companies, to get an additior barrel is incrementally cheaper.

VIRAT MARKAN



LIKE SOAP FOR OIL: The microbes use oil as a carbon source and act like a surfactant – soap or detergent – to reduce the tension at the oil-water interface. The oil stuck to rocks is released and carried into the water flow.

NO THOROUGHFARE, RE-ROUTE: The microbes multiply and after a point block the usual water flow paths. This opens new pathways for water to carry the oil out, and allows the microbes to reach new rock material.

DISPERSE WHEN DONE: Once the trapped oil has been released, there is no oil as carbon source for the microbes. They disperse and the water flow paths reopen.

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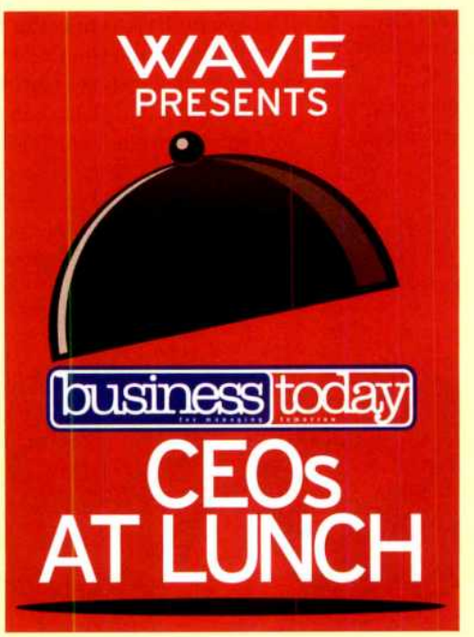

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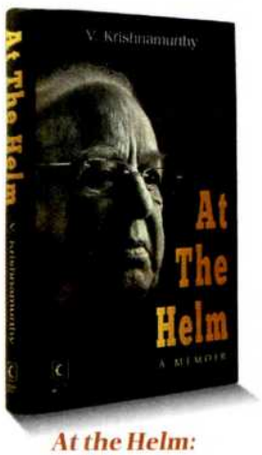
India's Great Helmsman

The man who proved PSUs could also deliver looks back on a remarkable career



At the Helm: A Memoir
By V. Krishnamurthy
Collins Business
Pages: 305; Price: ₹599

He is often referred to as 'the great helmsman', 'a magician' or, less dramatically, as the most respected public sector manager India has produced. So when I heard V. Krishnamurthy had penned his memoir, I was very keen to read it to understand his achievements. What sets his work apart is that it not only benefited the companies he headed, but also changed India irrevocably for the better.

By the 1960s, public sector units (PSUs) had acquired a poor reputation. Madras Fertilizers, which was setting up a factory then, wanted to import a boiler. Krishnamurthy, who was General Manager at Bharat Heavy Electrical Ltd's (BHEL) Trichy unit, offered to make and supply it. But no one believed a PSU could do so. The matter reached the Union Cabinet and Morarji Desai – then deputy prime minister and finance minister – mocked Krishnamurthy, saying the public sector had never delivered anything on time. He finally relented only after Krishnamurthy staked his job on the timely delivery of the boiler. The boiler was delivered on time and Krishnamurthy retained his job, but more importantly, his success went a long way in proving that even PSUs could deliver.

In the early 1970s, then prime minister Indira Gandhi handpicked Krishnamurthy to head BHEL after his success at the Trichy unit. Gandhi's mandate to him was to break up the company into smaller units – which might be more efficient – as she had no faith in the ability of Indian managers to manage large enterprises. Krishnamurthy kept BHEL intact and also made it profitable. Had he failed at BHEL, Gandhi would have been proved right on Indian managers, leading to the break-up of all PSUs into smaller, less-efficient entities.

The book reveals that Krishnamurthy was a pioneer at deploying modern managerial skills and tools. Being accessible to workers, aggressively bidding for orders both in India and overseas, emphasising quality, outsourcing production of components, creating a corporate plan, instilling customer focus and export thrust, upgrading technology, moulding future leaders and integrating with the local community are the norm for managers today. Krishnamurthy, however, did all this way back in the mid-1960s and early 1970s.

His success at Maruti Udyog Ltd proved that India too could produce quality cars. It transformed the country's automotive sector – once they got the chance, global car makers streamed into the country to benefit from the base he had created. At Maruti, he convinced the government to allow foreign equity participation (in 1982!) though on a selective basis. This can be considered the beginning of India's economic liberalisation. He created a distinctive 'Maruti culture' that included discipline, punctuality, productivity, cost and quality consciousness. At Steel Authority of India Ltd, he prepared the steel behemoth for decontrol by first modernising the mind of its employees and then bringing in technology upgradation.

How did a PSU head achieve this in the face of large-scale interference from the government, pressure from labour unions and the complacency a closed economy creates? The book delves into these aspects at great length and offers valuable lessons.

"As I look back on my life and career, I cannot help but feel that it has been a life well spent," Krishnamurthy says in conclusion. Not even his worst adversaries would disagree. ◆

N. MADHAVAN

What sets Krishnamurthy's work apart is that it not only benefited the companies he headed, but also changed India irrevocably for the better

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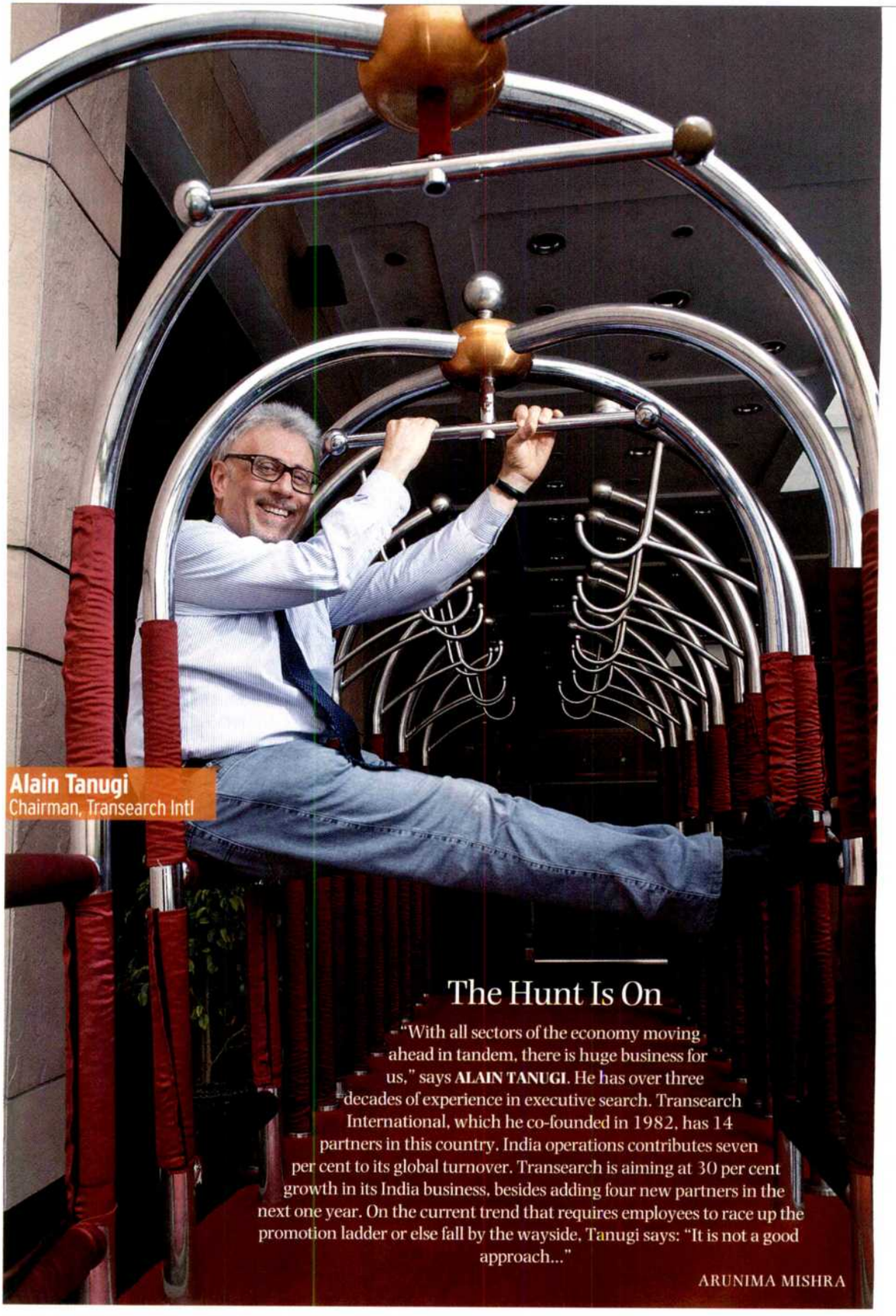


Alain Tanugi
Chairman, Transearch Intl

VIVAN MEHRA/www.indiatodayimages.com

The Hunt Is On

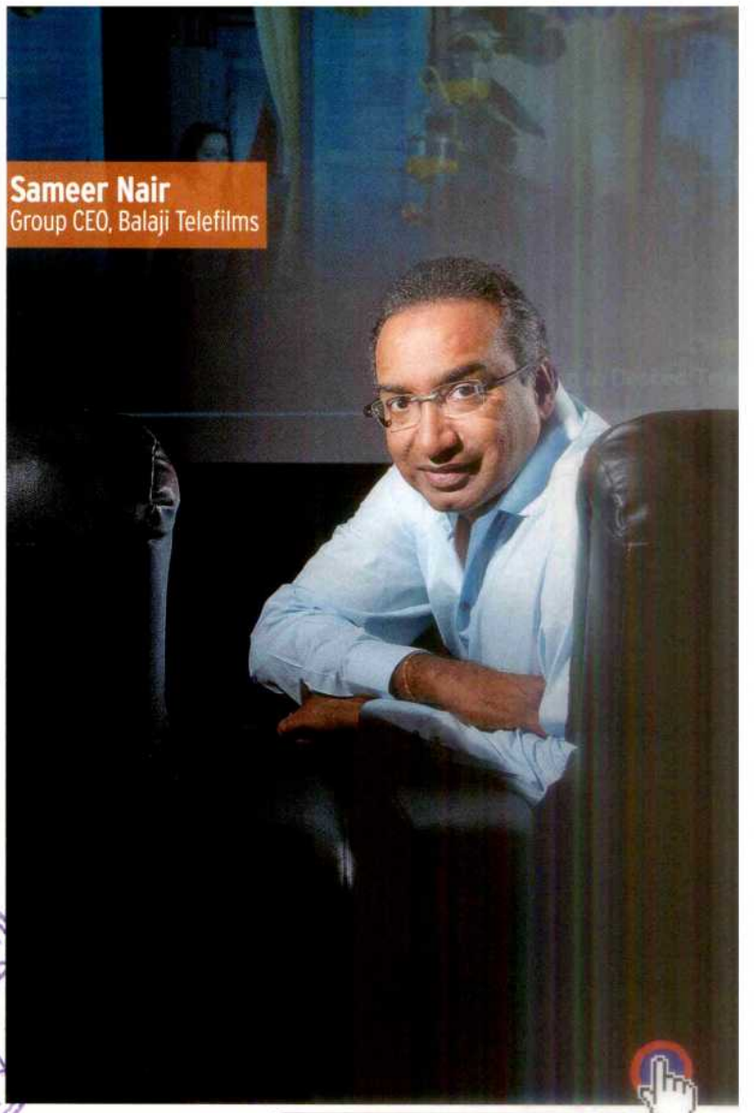
"With all sectors of the economy moving ahead in tandem, there is huge business for us," says **ALAIN TANUGI**. He has over three decades of experience in executive search. Transearch International, which he co-founded in 1982, has 14 partners in this country. India operations contributes seven per cent to its global turnover. Transearch is aiming at 30 per cent growth in its India business, besides adding four new partners in the next one year. On the current trend that requires employees to race up the promotion ladder or else fall by the wayside, Tanugi says: "It is not a good approach..."

ARUNIMA MISHRA

Stars Reunite

SAMEER NAIR and soap opera queen Ekta Kapoor are not new to each other. It was Nair who, during his tenure as CEO at Star India, approved the script of Kapoor's *Kyunki Saas Bhi Kabhi Bahu Thi*, which went on to become the longest and one of the most popular serials in TV history. In his new avatar as Group CEO at Kapoor's Balaji Telefilms, Nair says that his immediate goal is to scale up the company. "I had been a consultant to Balaji Telefilms for the past six months on how to take it to the next level," says Nair, who after his last stint at Imagine, had been investing in media and hospitality industry start-ups. A major area of focus for Nair at Balaji will be films. "The company is comfortably placed in the TV content space. The idea is to ensure we move to a 10 to 12 movie slate per year, from the current four to five."

AJITA SHASHIDHAR



Sameer Nair
Group CEO, Balaji Telefilms

Read interview with Sameer Nair at
at www.businesstoday.in/balajitele-nair

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Winning Them Softly

NIKESH ARORA, who once oversaw Google Europe and led the global Internet search giant's move into advertising outside its now ubiquitous banner ads, has decided to move to SoftBank Corp., the Japanese technology company. Arora, who was with Google for almost a decade, will take over as Vice Chairman of SoftBank Corp. and CEO of SoftBank Internet and Media, Inc. (SIMI) in October. "As we enter the next phase of our expansion I can't think of a better person than Nikesh to help us chart that course. "He will work closely with me in defining, implementing and managing our global growth strategy," Masayoshi Son, SoftBank's Chairman and CEO, said in a release.

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Nikesh Arora
Vice Chairman (designate), SoftBank

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High Thinking

When **THOMAS MATUSSEK**, 67, retired as German ambassador to India two years ago, he felt it was still too early for him to hang up his boots. He took over as Managing Director at Alfred Herrhausen Society, a non-profit global think tank founded by Deutsche Bank. "All our projects look at governance issues closely. The idea is to look at megacities through a magnifying glass. Cities are not just about brick-and-mortar, what is important is how they are governed. We have worked in Mumbai, Istanbul, Sao Paulo, among others. We don't come to a place to preach. We bring together mayors, town planners, sociologists, philosophers, architects, health experts to exchange views and develop best practices," he says.

MANU KAUSHIK

Thomas Matussek
MD, Alfred Herrhausen Society

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Video interview with Arup Roy Choudhury at www.businesstoday.in/ntpc-choudhury

ARUP ROY CHOUDHURY

Chairman and Managing Director, NTPC

My first role model
Mohanananda Brahmachari. He taught me about the way life should be, the way you should conduct yourself and, most importantly, the way you should behave with others

My first job
Engineering Projects India. I got to work on a project in Iraq, which was different from what it is today. It was a very beautiful country

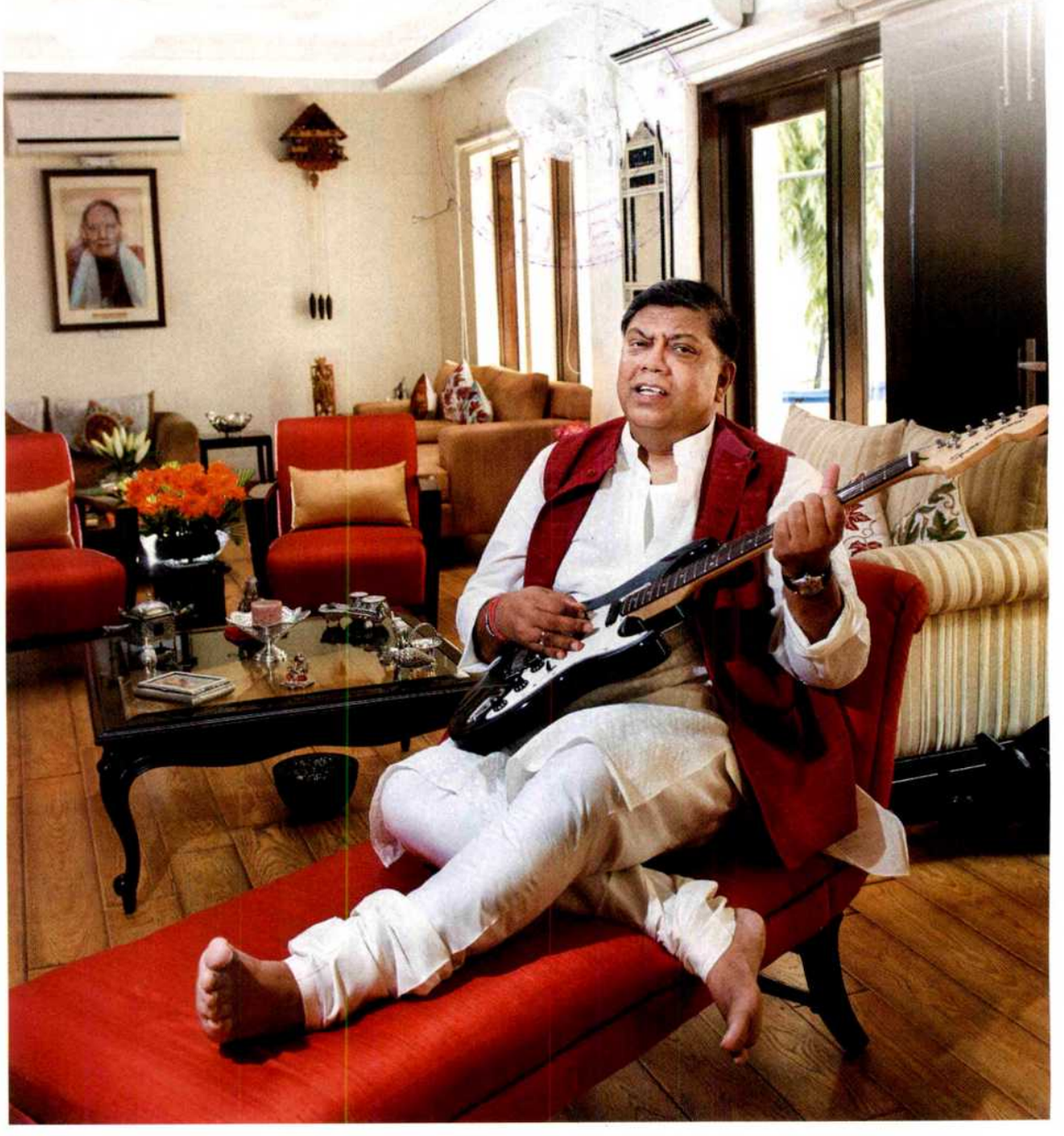
My first boss
My first boss was my subordinate. I reported to him as part of my training

My first promotion
On my return from Iraq, I joined RITES in 1984.

I came back to India amidst fears of a war in Iraq and subsequently got a new job in India. I take it as a promotion because it gave me a new challenge

My first disappointment
I am an eternal optimist. I have never been disappointed in life

Photo by Vivan Mehra
As told to Anilesh S. Mahajan



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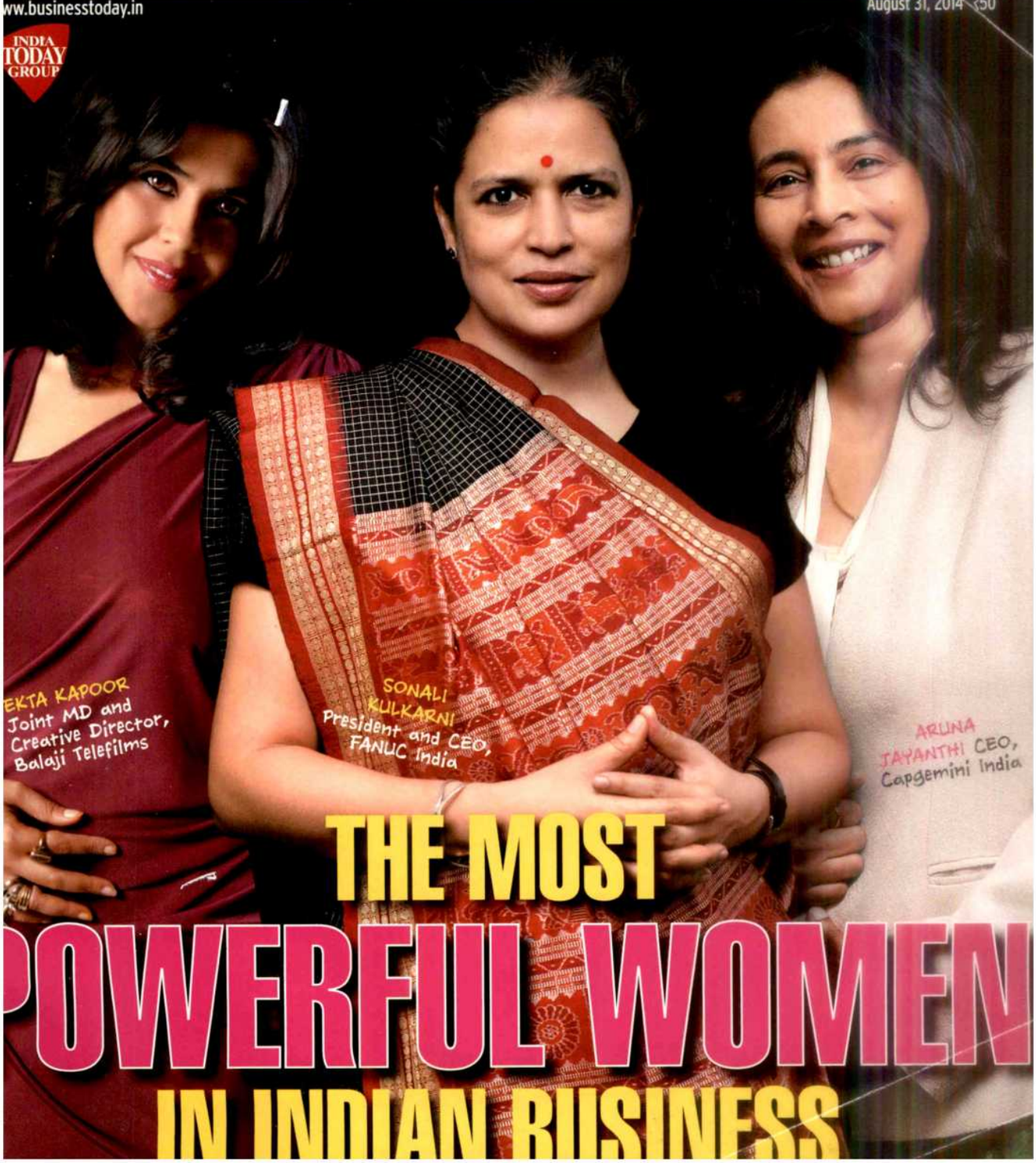

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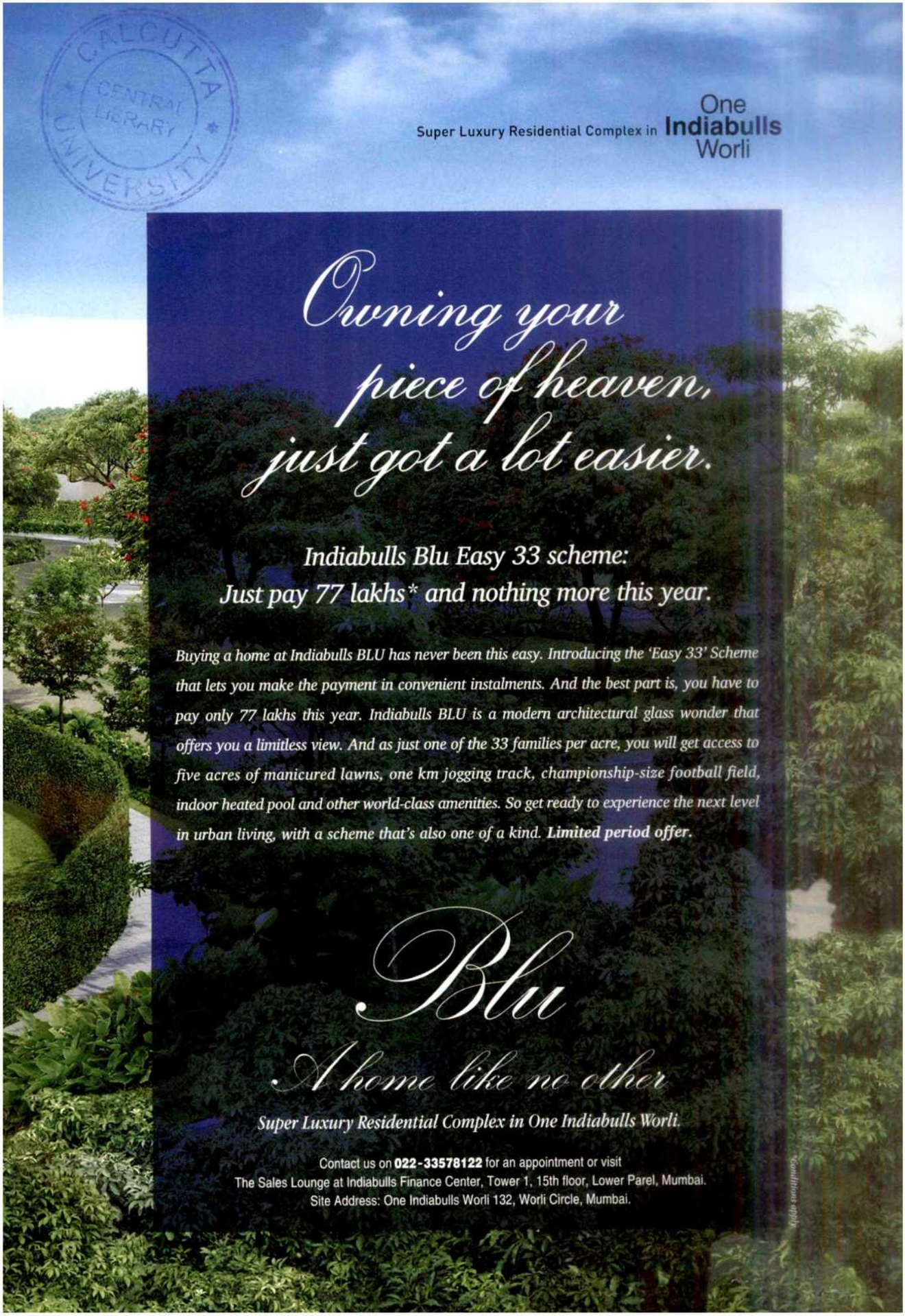

FROM THE MANAGING EDITOR

A Wave to Celebrate

Last year, my boss and I interviewed Ursula Burns, the CEO of Xerox Corp. She was the chief guest at *Business Today*'s 'Most Powerful Women (MPW) in Indian Business' event and had flown in from Connecticut, US. Interviewing Burns was as much a pleasure as thought-provoking. When she noted a flip-cam was video-recording the interview, she raised her eyebrows in mock horror. I offered to video-record a few questions at the end of the interview as some CEOs, who are less self-assured than brand conscious, ask for. She chuckled. "Nothing I say is off the record," she said. True to promise, Burns was truthful and quick to crack jokes, including some on herself. She didn't duck questions or hold back punches. The first African American woman CEO of a *Fortune* 500 company, her answers were cerebral and came from hard knocks of experience. One of the points she made was what she called a "tidal wave" of a female talent coming to the global workforce. The logic to her engineer brain was simple: it's probability at work. With more girls getting into colleges in the US, the increase in the number of women in offices, factories and labs is but a corollary. "It is inevitable that this very inflexible, very male-dominated global work structure cannot stay the way it is unless we're willing to live with problems for a lot longer than we can afford to," she put it elegantly. Some traits that will stand out in teams of the future, she said, are compassion, ability to listen, empathy, and flexibility. "...women were trained in these things, they are becoming more of an advantage. So we have to actually figure out a way to not leave all the boys behind." (Read that interview at *bit.ly/BurnsinBT*.)

If you've been following the rise of demand for single-gender education in the West, you'll know how study after study over a decade has shown that boys lag behind girls in schools and colleges. Richard Whitmore, author of *Why Boys Fail*, posits that one of the main reasons for this is the rising aspirations of girls in high schools. The context for Burns and Whitmore is the US, but much of what they say is true in pockets of India, especially in our cities. I haven't come across a similar survey or study in India, but anecdotal evidence of a "tidal wave" can be seen right from Class X board exam results. Talk to CEOs in India from banking and financial services, media and entertainment, or software and BPO sectors, and they will confirm how one-third to half of job recruits at the entry level are women – a significant rise over the last decade or two. In functions like HR or marketing, the number of girls is even higher. On shopfloors too, you see more women than before. More women in the workforce, obviously, works very well for employers and they are not being politically correct in saying so.

It is a narrow way to look at women's roles in society, but it is this economic reality that we are celebrating this issue. We have been running our MPW listing for a decade now and this 11th year, we decided to produce what in our business we call a collector's issue – our first cover-to-cover women's issue. We have a rich collection of stories pulled together by Assistant Editor Sarika Malhotra, who took to her issue editor role with gusto as early as April. Apart from the rich MPW profiles starting page 50, I'd recommend you read five stories if you are short of time: women chairing boards in India on page 18, the rush of women relatives on boards after the new Companies Act (page 28), husband 'mukhiyapatis' running panchayats (page 40), how the Bharatiya Mahila Bank has got off the blocks (page 109), and a provocative take on how the role of women in Bollywood has regressed (page 124). Do tell us how you like the issue at *letters.bt@intoday.com*, *@BT_India* (*#BTPowerWomen*), and *facebook.com/BusinessToday*.

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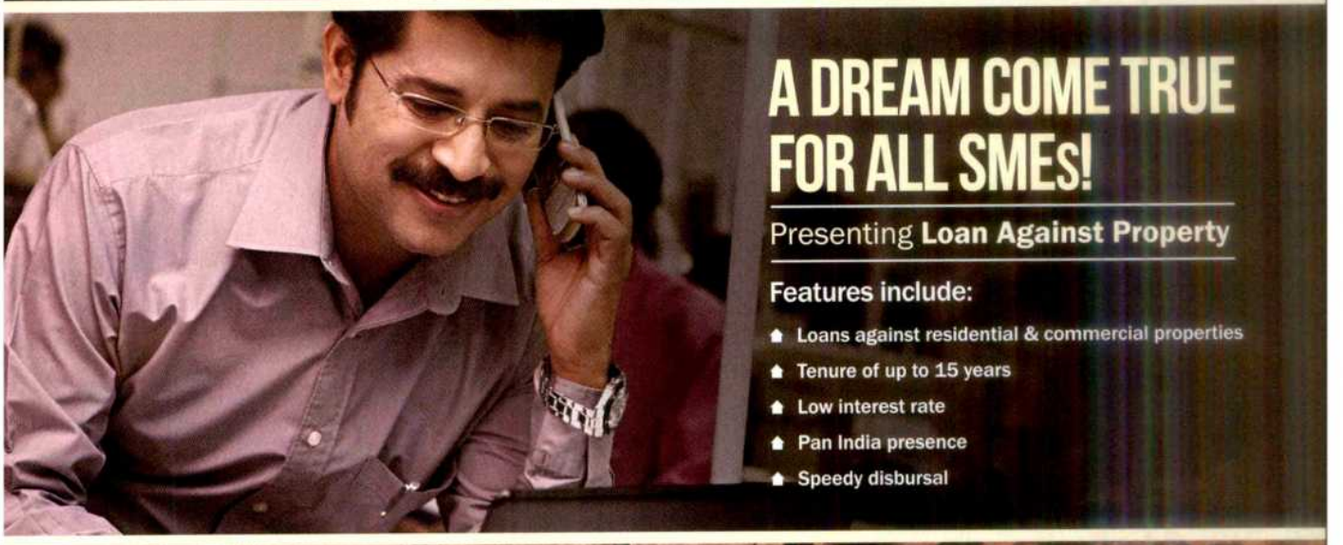

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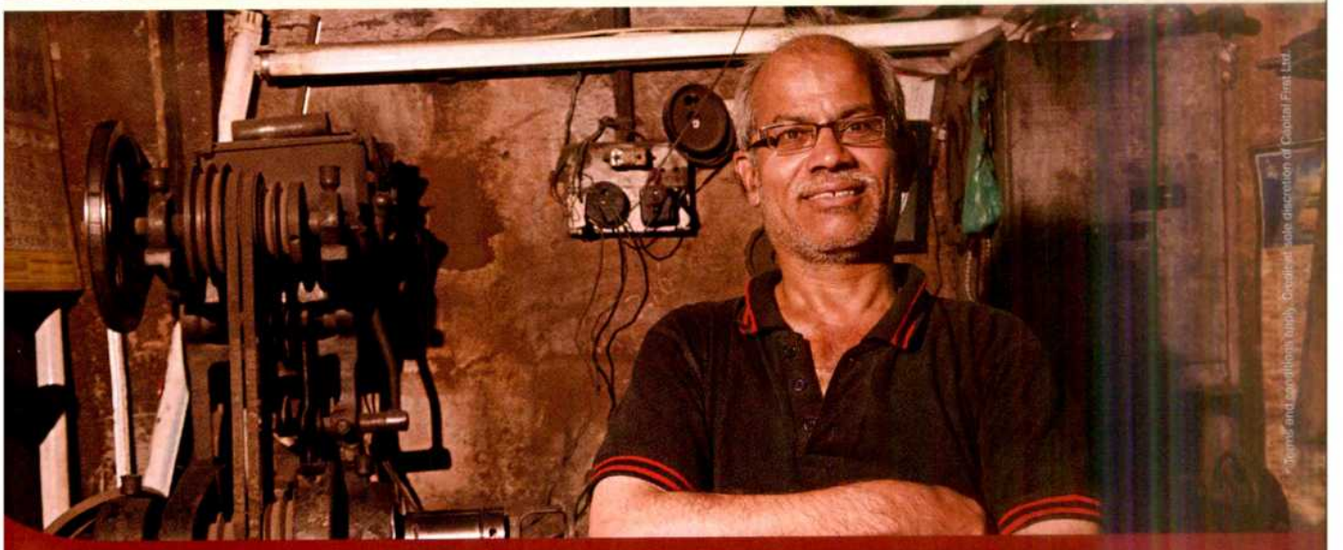

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Re: Letters to the Editor

Nokia's Faceless Numbers

Your article on the cellphone giant Nokia (*Death of a Dream*, August 17) is a well-written piece. Nokia became a big success soon after the commencement of its factory at Sriperumbudur, in Tamil Nadu. Systematically, it built up skills in the poor rural women. And they made the factory a showpiece. But now, as the plant is on the verge of collapse due to its prolonged tax dispute, the workers have become a pawn in the hands of petty politicians and tax officials. Many have lost the jobs, and probably, many more will go. Soon, the employees of Nokia may become faceless numbers in the company's history and be forgotten.

S.Viswanathan, *Bangalore*

SBI Revamp

This refers to your feature on SBI (*Fixing a Running Motor*, August 17). Though the article was a good package in itself, it has missed out the changes in its HR service, for which various strategic decisions have been implemented in SBI. The entire promotion policy has been revamped to provide opportunity for early promotion, which is going to reduce the average age profile at various levels. Moreover, it is a motivating factor for the junior management and middle management officers to work towards efficiency for early promotion. Performance-linked incentives have been made technology-driven. The bank has also given a thrust to minimise unnecessary expenses at all levels through effective control. These overhauling decisions of the chairman are also helping in fixing the SBI motor.

Naman Swaroop, *Uttarakhand*

Correction

In a story on Educomp (*Learning a Lesson*, July 6, 2014), we made three errors. We regret them. We said there were 25 cases against Educomp in Karnataka and concluded that customers were unhappy with the company's products. As it turns out, around 25 schools came together in a press conference complaining about Educomp's products and not all of them have filed cases against the company. Educomp tells us there are four cases against it in Karnataka and that it has 2,000-plus schools as clients in the state. We further erred in the number of schools in which Educomp's SmartClass product was installed in 2011/12; we gave the number of 9,575, while the correct figure is 12,652. And, while making the stock price erosion calculations, we didn't take into account a stock split in October 2009. If that had been taken into account, the share price would have appreciated 12 per cent and not depreciated 75 per cent as we said. We are removing the story from our website. – *Managing Editor*

Send all your comments to: editor.bt@intoday.com

www.facebook.com/BusinessToday

Pharma companies earn high margins; government asked to cut the MRP of drugs.
Is anyone concerned with the growing drugs adulteration? - **Fazil Nazir**

Xiaomi Mi 3 sold out within two seconds on Flipkart.
Overhyping the market...! - **Vivekanandan Nagarajan**

Apple likely to announce iPhone 6 on September 9.
Guess they will only move a button to the back of the phone this time. If I wasn't on a unlimited data legacy plan with AT&T, I'd switch to a Samsung immediately. - **Isha Gee**

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PHOTOGRAPH BY RACHIT GOSWAMI & ABHISHEK GUNARATNAM

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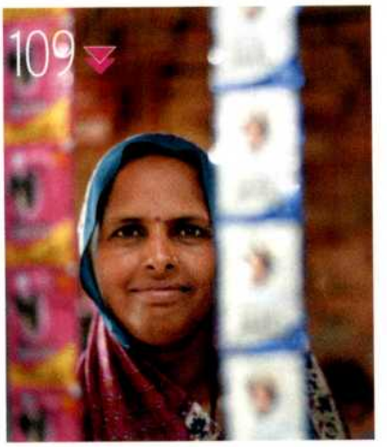

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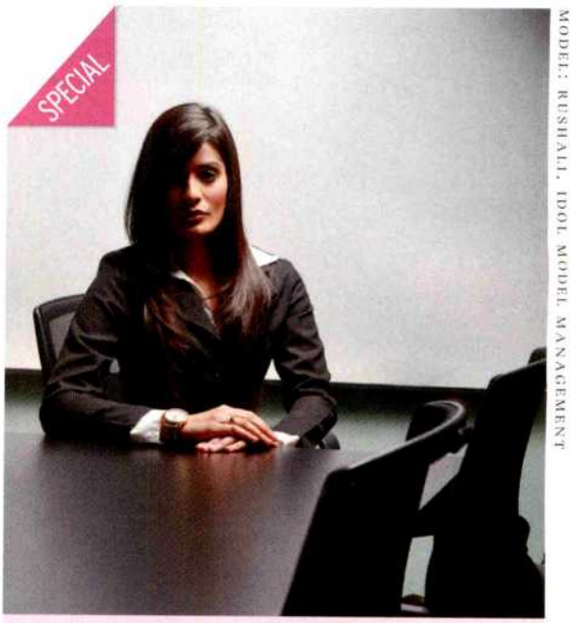

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Stories, videos, interviews and slideshows related to The Women Issue 2014.
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New Infosys CEO **Vishal Sikka** says the company's focus on margins, values will remain
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RBI paper mill to save ₹1,280 crore of imports annually.
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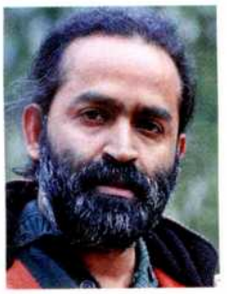

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Santhosh Babu offers suggestions to make corporate mergers successful.
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Why B-schools Shy Away from Rankings
Abhishek Agrawal explains the many reasons several business schools do not take part in rankings.
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Reserve Bank of India Governor Raghuram Rajan's decision to cut the statutory liquidity ratio is part of his efforts to end 'lazy banking' in India, says **Anand Adhikari**.
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Flipkart-Amazon Battle: Where's the Money Going?
Flipkart has raised $1 billion while Amazon has announced $2 billion worth of investment in India, as they battle it out to dominate the e-commerce market in the country. But how are they going to utilise the money, asks **Taslima Khan**.
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Pragmatic First Step
The Modi government has rightly held back its major labour reform measures to create the right atmosphere, says **N. Madhavan**.
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Improving Corporate Governance at Banks
Mandar Kagade of the Bharti Institute of Public Policy at the Indian School of Business says issuing contingent convertible bonds can help corporate governance at banks.
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"Britvic happy to be India's first kids' beverage brand"
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E. Kumar Sharma on the new state of Telangana's move to survey the socioeconomic conditions of four crore people in the state.
businesstoday.in/kumar

Start-up Today
Taslima Khan on the journey of Akosha from a complaints platform to a software company.
businesstoday.in/startuptoday

The Women Issue

MASTERS OF THE GAME

In some of the most critical positions, women are playing it better.

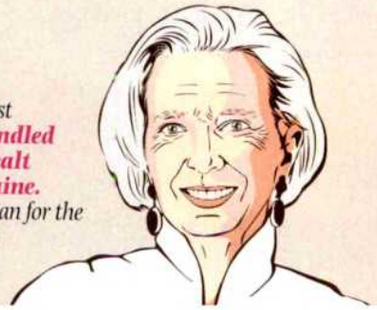
Illustrations by **Raj Verma** Research by **Niti Kiran**

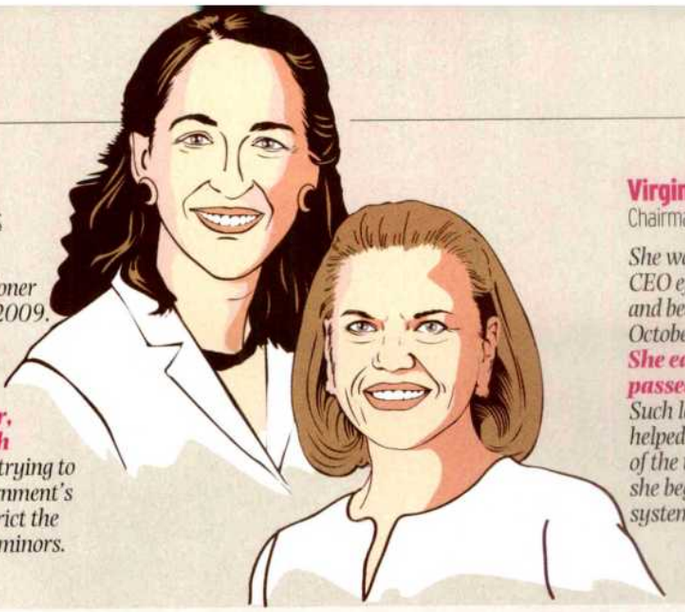
Janet L. Yellen
Chair, Board of Governors, Federal Reserve System

She took charge of the US central bank on February 3, 2014, for a four-year term. ***She is the first woman to head the central bank*** *and has written on a variety of macroeconomic issues, while specialising in the causes, mechanisms, and implications of unemployment.*

Christine Lagarde
Managing Director, International Monetary Fund

In July 2011, she became the eleventh Managing Director of the IMF, and the first woman to hold that position. ***She has handled many a crisis and, most recently, dealt with the escalating tensions in Ukraine.*** *In April, she had approved a $17-billion loan for the country. In June 2005, she had joined the French government as the Minister for Foreign Trade.*





Margaret A. Hamburg
Commissioner of Food and Drugs, US Food and Drug Administration

She became the 21st commissioner of food and drugs on May 18, 2009. ***The second woman to be nominated for this position, she is an experienced medical doctor, scientist, and public health executive.*** *The FDA has been trying to regulate e-cigarettes. The government's tobacco authority plans to restrict the sales of the electronic device to minors.*

Virginia M. Rometty
Chairman, President and CEO, IBM

She was appointed President and CEO effective January 1, 2012 and became Chairman on October 1 of the same year. ***She earned praise when she passed on an annual bonus.*** *Such leadership qualities have helped her reach the pinnacle of the technology major, where she began working in 1981 as a systems engineer.*

Mary Jo White
Chair, Securities and Exchange Commission

She was sworn in as the 31st Chair of the SEC on April 10, 2013. She has decades of experience as a federal prosecutor and securities lawyer. As the US Attorney for the Southern District of New York from 1993 to 2002, ***she specialised in financial institution fraud and terrorism cases.***

Marissa Mayer
CEO, President & Director, Yahoo

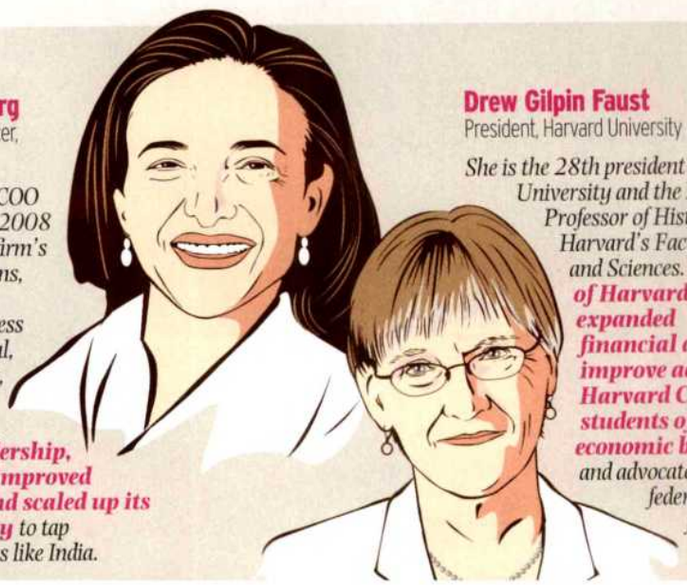
She was named Yahoo CEO, President and Director in July 2012. ***She has improved the site's media presence and endeavours to produce original programming.*** *She was earlier vice-president of maps and location services at Google, where she had played a major role for more than 10 years.*

Meg Whitman
President & CEO, Hewlett-Packard

She has served as HP's President and CEO since September 2011. She has recently been appointed the chairman of the board of directors. ***She has been working to reinvent HP ever since she took over as CEO.*** *From 1998 to 2008, Whitman had served as president and CEO of eBay Inc.*

Indra K. Nooyi
Chairman and CEO, PepsiCo

She was named President and CEO on October 1, 2006 and assumed the role of Chairman on May 2, 2007. ***She has directed the company's global strategy for more than a decade and led its restructuring,*** *including the divestiture of its restaurants into the successful YUM! Brands, Inc.*



Sheryl Sandberg
Chief Operating Officer, Facebook

She has been the COO since March 24, 2008 and oversees the firm's business operations, including sales, marketing, business development, legal, human resources, public policy and communications. ***Under her leadership, Facebook has improved its earnings and scaled up its mobile strategy*** *to tap emerging markets like India.*

Drew Gilpin Faust
President, Harvard University

She is the 28th president of Harvard University and the Lincoln Professor of History in Harvard's Faculty of Arts and Sciences. ***As president of Harvard, Faust has expanded financial aid to improve access to Harvard College for students of all economic backgrounds*** *and advocated for increased federal funding for scientific research.*

Mary T. Barra
CEO, General Motors Company

She is the CEO effective January 15, 2014. She is the first female executive to lead General Motors. ***Barra hopes to transform GM by regaining customer trust.***

The Women Issue
The Global Club
Indian women on boards of multinational companies
VINITA BALI,
Former MD & CEO of Britannia Industries
Appointed as Non-Executive Director at Syngenta in 2012
NAINA LAL KIDWAI,
Country Head, HSBC India
Joined Nestle board in 2005; her term expires 2015. Board member of HSBC Asia Pacific
ARUNA JAYANTHI,
CEO, Capgemini India
Member, of the Group Executive Committee Capgemini, Sweden
LALITA GUPTE,
Former deputy MD at ICICI Bank
Appointed in June 2010 as independent director on the board of Alstom; served on Nokia board from 2007 to 2011
KALPANA MORPARIA,
CEO, JPMorgan India
Appointed to the board of Philip Morris International Inc in December 2011; Member of JPMorgan's Asia Pacific Committee

TOWARDS A NEW HORIZON

Indian women are making their presence felt on the boards of multinational companies.

By ANAND ADHIKARI

Naina Lal Kidwai often dials in on conference calls to discuss important corporate matters. The calls are related to her responsibilities not just as the country head of HSBC India but, at times, also as a non-executive director on the board of Swiss food giant Nestle SA. Occasionally, the calls come at a short notice, she says, recalling a time when Nestle was making an acquisition in China and another when it was about to sell a stake in a subsidiary. But no matter how urgently the meeting is convened, the board always gets "well-prepared" documents and "brilliant presentations" on topics under discussion, says Kidwai, the first Indian representative on Nestle's board. "It amazes me how every board member gets on a call instantly... and how they finish on time despite the huge numbers of issues that are discussed," she says.

Kidwai is among a handful of Indian women professionals who are heralding a new trend among Indian corporate executives -- joining the global boards of multinational companies (MNCs). A Harvard Business School alumna, she often gets requests to join MNC boards. But as per HSBC rules, she cannot take up more than one board position outside the banking group. "I think there is interest [among MNCs] for Indian professionals," she says. "It's not a big number, [but] it is a growing phenomenon."

Besides Kidwai, several other Indian women have joined global boards in recent years. Vinita Bali, former managing director and CEO of biscuits maker Britannia Industries, joined the board of Swiss agribusiness giant Syngenta as a non-executive director in 2012. Kalpana Morparia, CEO of JPMorgan India, sits on the board of US tobacco company Philip Morris Inc. Lalita Gupte, a former joint MD at ICICI Bank, recently completed her term on the board of Finnish handset maker Nokia and has got a four-year extension on the board of French engineering giant Alstom.

ILLUSTRATION BY AJAY THAKERI

The Women Issue

The number of Indian women on global boards might seem small but there are not many Indian men either in similar positions. Among the few Indian men who have been on global boards are Infosys Founder N.R. Narayana Murthy, Bharti Airtel's Sunil Bharti Mittal and Tata Group's Chairman-Emeritus Ratan Tata. Murthy was on the board of HSBC Holdings Plc while Mittal was with Standard Chartered and Unilever Plc. Tata sits on the board of Alcoa and Vindi Banga, a Unilever veteran who earlier headed the company's India operations, is on the board of British retailer Marks & Spencer.

Why are MNCs appointing Indians on their boards?

"Most Fortune 500 companies want diversity on their board, particularly if they have international businesses," explains Morparia. For Morparia, who was previously joint MD at ICICI Bank, diversity is not just about gender. "It's also about nationality, ethnicity, academic background, professional expertise, etc," she says. Kidwai, who had replaced then chairman of Sony Group Nobuyuki Idei on Nestle's board in November 2005, says western MNCs want more Asian representation on their boards. This is particularly true of companies such as Nestle that consider India an important market. When Morparia was inducted into the board of Phillip Morris, the US company's Chairman and CEO Louis Camilleri had said that her "keen perspective on Asia, which is a growth engine for the company, will represent an invaluable asset".

KALPANA MORPARIA
CEO, JPMorgan India

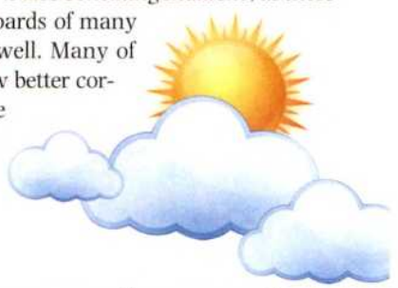
"Most Fortune 500 companies want diversity on their board... Diversity is not just about gender. It's also about nationality, ethnicity, academic background, professional expertise, etc"

Many of these women are playing an important role in the MNCs' global strategy. Morparia, who is part of JPMorgan's five-member Asia Pacific management committee of select CEOs from 14 countries, recently submitted an India 2020 plan to the panel. Kidwai is part of Nestle's audit committee and also sits on the board of HSBC Asia Pacific while Aruna Jayanthi, CEO and MD of Capgemini India, is the only woman in the French IT company's 18-member Group Executive Committee.

Unlike Indian companies, which often appoint friends and acquaintances of founders as directors, MNCs typically go to an executive search firm with defined parameters of the kind of professionals they look for to fill a board position. "Global firms follow a very professional approach by expanding the search and clearly defining the expertise they want to have on the board," says Morparia.

E. Balaji, President-HR at TVS Logistics, says Indian women on global boards have experience of working in large corporations. "Any board would like to have their services," says Balaji, who earlier headed HR consulting firm Ma Foi Randstad. Gupte, who played a key role in building ICICI Bank's international presence, says MNCs often consider those people for directors' positions who have overseas exposure. Some socio-cultural traits also tip the scale in the favour of Indians when MNCs start building a diverse board. Indians, for instance, are comfortable with the English language and are exposed to western thinking and methods of doing business. "We mix easily. We fit readily on the board and, by nature, Indians are more gregarious," says Kidwai.

The global exposure is not just giving a boost to these women's careers but is also benefiting India Inc, as these women sit on the boards of many local companies as well. Many of them say MNCs follow better corporate governance practices compared to most Indian companies, and the experience of working on such boards comes in handy for them in the Indian context.



Morparia says many MNCs go back 100 years, and so corporate processes and governance standards evolved over a long period. "They are more process driven and the approach is far more mature," she says. Gupte and Kidwai, however, feel boards of many large companies in India follow global best practices. "I don't see any big difference in terms of strategy discussions, key points, (and) emphasis on risk analysis," says Gupte.

Some industry executives say that Indian boards get heavily involved in routine activities and lose sight of long-term objectives. "The board is not management. The board's job is oversight," says a woman director who does not wish to be named. That is a critical lesson women directors, and even men, will do good to keep in mind. ◆

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The
Women
Issue

A FEW GOOD WOMEN

There are only a handful of women chairpersons in corporate India but they are making an impact. By MANU KAUSHIK

Ten years ago, Meher Pudumjee took on the mantle at engineering firm Thermax when her mother Anu Aga stepped down as chairperson. Pudumjee was only 38 at the time. How did she feel to take charge of the company at such a young age? She was uncertain, anxious and had several self doubts. "My parents, who built Thermax, had left their imprint and I was worried if I could ever step into their shoes," she says. "But Anu's observation that an apple tree cannot be expected to give oranges helped me see things in perspective and trust my own instincts and abilities."

The base for Pudumjee's seamless reign at Thermax was built by her mother. Pudumjee started at Thermax as an engineer trainee. Soon after, she, along with her husband, Pheroz Pudumjee, was sent to turn around a small subsidiary in the UK. But during that time, Pudumjee's father passed away and she returned to India where she was made executive director on the board.

When the company registered its first loss at the turn of the century, the family decided to take a non-executive role. Pudumjee says it was a tough decision but has helped the company. "We were so used to pulling up our sleeves, taking decisions and getting the job done. As long as the family business was doing well, everything was fine but when things get tough, it is humanly difficult to be aware of and analyse your own mistakes, with accountability only to yourself," she says.

Pudumjee says she now has a "hands-off" role yet follows a "finger-on-the-

LIVING LIFE QUEEN SIZE: Urvi Piramal, Chairperson of the Ashok Piramal Group, at her home in Mumbai

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The Women Issue

ABHISHEK GUNARATNAM

as chairperson of a large company is shared by many other women corporate leaders in India across sectors as varied as sugar and biotechnology.

Even though there is a huge emphasis on promoting gender equality in corporate boardrooms, the universe of women chairpersons in India remains tiny. According to Prime Database, a primary-market research outfit, there are 30 women chairpersons in India heading 34 listed companies. In total, there are 1,463 companies listed on the National Stock Exchange. Of these 30 women, 10 have a non-executive role in their companies. Of course, the number will be higher if unlisted companies are taken into account.

Women chairpersons are not only few in number, they also have shorter tenures as compared to their male counterparts. According to Prime Database, the average tenure of the current women chairpersons stands at 13.8 years. For male chairpersons, it is 18.25 years.

Gita Piramal, a business historian and the author of the best-selling book *Business Maharajas*, says there is a clear pattern in which women chairpersons have been appointed in corporate India. During the period from 1960s to 1980s, Piramal says, a woman would become a chairperson in three cases: either she was a widow of the promoter or a divorcee or she inherited the title from her father because she was the only child. "In the past decade or so, more women are getting technical qualifications to become chairpersons. Now, they are beginning to earn that position rather than inheriting it," she says.

Today, women chairpersons in India broadly fall under one of three brackets: those who come from the founding family, first-generation entrepreneurs, and

MEHER PUDUMJEE
Chairperson, Thermax

"We are highly dependent on one market and one product category. We want to expand in other segments and geographies"

pulse" approach. Pudumjee, who also works with some non-governmental organisations and likes singing in the choir, says her biggest contribution is to start transforming Thermax into a green company. She also plans to expand Thermax's footprint and product basket. "We are highly dependent on one market [India] and one product category [capital goods]. We want to expand in other segments and geographies," she says.

From doubtful and apprehensive to confident and spirited, Pudumjee has traveled quite a distance in the past 10 years. But she is not the only one and her journey

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The Women Issue

professionals including India heads of multinational companies, such as HSBC India's Naina Lal Kidwai.

Piramal says rules pertaining to top leadership in public sector units are more gender-neutral as compared to the private sector. "Though the overall number may still be low, the rules in PSUs enable women to rise faster," she says.

Over the past year, two large state-run companies have seen appointments of women chairpersons – Arundhati Bhattacharya at State Bank of India and Nishi Vasudeva at Hindustan Petroleum Corporation.

Still, most women chairpersons – 18 out of 30 – either belong to the founding family or are promoters themselves. "Some of them have actually proved their credentials to be there. I think it will take one more generation before brothers and sisters vie for the chairperson's post in a promoter-driven company," says Piramal.

Promoter-driven or not, women chairpersons have come a long way. Take, for instance, the case of Vidya M. Murkumbi, Executive Chairperson of Mumbai-based Shree Renuka Sugars. A chemistry graduate, Murkumbi spent 23 years in the trading business. In 1998, when the government decided to ease control over the sugar industry in a phased manner, Murkumbi and her son Narendra saw an opportunity and decided to buy a loss-making factory in Andhra Pradesh. They relocated the entire factory to their base in Belgaum, Karnataka, a big cane producing region. "While working with trading houses, I made a lot of contacts with farmers. During those years, sugarcane production was huge. We partnered with farmers by giving them equity [in the company]," she says.

The model became a runaway success. For the first four years, Murkumbi was involved in day-to-day operations but now there is a professional team to do that. Between Murkumbi and her son, the work is divided. The mother deals with farmers and local administration, and also oversees plants – it has six in India and four in Brazil. The son, on the other hand, handles exports and finances. "We are working with some 2.5 lakh farmers. Till today, they approach me with their problems," says the 65-year-old Murkumbi, who travels for almost four days in a week. "The sugar sector is male-dominated and heavily controlled by the government. My job is to deal with politicians and policies to keep the business moving."

Women chairpersons in India*
30

Non-executive women chairpersons
10

Companies with women chairpersons
34

*Data compiled from 1,463 NSE-listed companies

Average Tenure of Women Chairpersons
13.8 years

Average Tenure of Men Chairpersons
18.25 years

Source: Prime Database

In some rare cases, a woman is appointed as chairperson of a large group – as a mark of respect – while her sons individually operate as heads of the group companies. The most prominent case is that of the O.P. Jindal group. The eponymous group founded by the late Haryana industrialist and politician is now run by his four sons while his widow, Savitri Jindal, is chairperson emeritus. Jindal, who is also a cabinet minister in the Haryana government, doesn't get involved in the day-to-day functioning of group companies. She largely oversees corporate social responsibility initiatives, especially those pertaining to women empowerment, girl child development, health care, education and skill-based training.

The inheritance of power, position and wealth from the family may seem like an easy thing, but Urvi Piramal, Chairperson of the ₹1,200-crore Ashok Piramal Group (APG), has a different story to tell. Piramal, who is sister-in-law of the author Gita Piramal, became a widow at 32 with no clue about running the businesses. She had three young sons when her husband, Ashok Piramal, passed away. After the initial struggle, the shy and introvert Urvi Piramal started taking interest in business. Before she did her advanced management programme from Harvard, she hired private tutors to teach her finance.

Her life turned upside down again in 2004, the year APG was founded, when her brother-in-law Ajay Piramal decided to split the business. Urvi and her sons were left with Morarjee Textiles, an engineering business, and retail and real estate businesses. "We had a negative net worth at that time with a debt-to-equity ratio of 29:1. Banks were calling back their loans," she says. Around the same time she was diagnosed with cancer, which she managed to beat.

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The Women Issue

Over the next few years, the group made some smart decisions. It sold Piramyd Retail and Crossroads mall, and bought properties at various locations – Goa, Pune, Mumbai, Bangalore and Hyderabad – to develop real estate. In about two years, the loss-making Morarjee Textiles was turned around. "We brought down the debt-equity ratio to 2:1," says Piramal, who starts her day at 9.30 a.m. by hitting the gym at her office.

Today, she focuses on strategy and people issues while her sons look after day-to-day operations. When the group acquired two auto-component plants – Bakony Wiper Systems and PAL International – in Europe in 2007 and 2008, the sons did all the groundwork and she called the shots. At 62, Piramal says she hasn't really thought about hanging up her boots yet. She has spent close to 10 years at the helm of APG and she still has some more years of work left.

When it comes to active women chairpersons in India, Kiran Mazumdar-Shaw has one of the highest recall values. Mazumdar-Shaw founded biotechnology firm Biocon in 1978 with an initial investment of ₹10,000 in a garage. She calls her tenure as chairperson eventful. "The high point of my chairmanship has been the listing of Biocon in 2004 when we were valued at $1 bilion, a sharp jump from $100 million a year before. The low point was to see the share price of Biocon tanking 20 per cent when one of our insulin deals with Pfizer was called off. It took us over a year to recover from this event," she says.

Mazumdar-Shaw says she wants Biocon to be seen as a significant biotechnology player globally. "Recently, we have appointed a new CEO and Joint Managing Director. Based on the current scenario, I still have 10 more years of active professional life," says Shaw, 61. Besides work, Mazumdar-Shaw is associated with multiple institutions such as the Confederation of Indian Industry, Bangalore Political Action Committee, and the Indian Institute of Management-Bangalore.

While there are enough examples in India of women leaders in politics, the social sector and arts, the corporate world needs to catch up. Traditionally, top jobs have been the preserve of men and there is an internal resistance to having women competing for them. To create an equal and just workplace, companies will have to be more flexible and men also must change their age-old attitudes.

NILOTPAL BARUAH/www.indiatodayimages.com

VIDYA M. MURKUMBI
Executive Chairperson, Shree Renuka Sugars

"The sugar sector is male-dominated and heavily controlled by the government. My job is to deal with politicians and policies to keep the business moving"

On their part, women corporate executives will have to overcome their fears to take up more top jobs. Several women including Meher Pudumjee, Vidya Murkumbi and Urvi Piramal have already broken into this male bastion and are setting the precedents for both genders. Jindal believes women can excel in whatever they do, mainly because they are good at multitasking. "There are times when people perceive them as soft targets and might take advantage of them," she says. "But if they remain steadfast in their approach and firm in their dealings they can win any battle." ◆

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STILETTOS IN THE BOARDROOM

RELYING ON FAMILY: Nita Ambani, wife of Reliance Industries Chairman Mukesh Ambani, was recently inducted into the company's board

As the law changes, companies take more women on board, often from the promoter family.

By TINA EDWIN

When Reliance Industries announced on May 16 it had inducted Nita Ambani, wife of RIL Chairman Mukesh Ambani, as a director, there was much consternation. The decision was denounced as a bad corporate governance practice. The common refrain was that RIL could have invited any seasoned woman professional to join the board.

This was not the first time Nita Ambani was appointed to a board. She has been an RIL nominee on the board of EIH Ltd, the company that owns and manages Oberoi Hotels, since October 2011. Reliance is invested in EIH.

But Ambani has to prove she has earned the two board positions, and that she is not there only because she is the wife of the country's richest man.

Ambani's appointment is not unique. Since regulatory changes came into effect – a new Companies Act and amended Clause 49 of the Securities and Exchange Board of India's Listing Agreement – stipulating appointment of women to boards of companies, many promoter-run firms have inducted female family members as directors. All listed companies and all public companies with paid up share capital of at least ₹100 crore or turnover of ₹300 crore are required to have a woman director. And so, wives, daughters and daughters-in-law of promoters find they have a new calling card.

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Bina Modi, wife of K.K. Modi, is now an additional director at Godfrey Phillips India. Nawaz Gautam Singhania, wife of Gautam Singhania, is a non-executive director at Raymond. Others who have joined the boards of companies their families run in the past few months include Amrita Amar Vakil (Asian Paints), Deepshika Khaitan (Cera Sanitaryware), Gauri Kirloskar (Kirloskar Oil Engines) and Juhi Chawla (Gujarat Sidhee Cement).

It is not unusual for promoters to appoint female family members to the boards to meet the legal stipulation and to keep control within the family. It goes back to the era when no one spoke about corporate governance or protecting the interest of minority shareholders. It did not matter whether family members attended board meetings. On paper, their presence was marked. However, the rules of the game have changed now with stricter regulations and emphasis on good corporate governance practices.

Data compiled by *indianboards.com*, a joint initiative of PRIME Database and the National Stock Exchange, show about 175 women from promoter groups are on boards as executive directors and about 100 as non-executive directors. These include women who set up their own businesses as well as younger generation of well-qualified women who have executive as well as board roles.

"If sons can be inducted on boards, why shouldn't qualified wives and daughters be? Why should they be deprived of board positions?" asks Pallavi Shroff, Senior Partner at law firm Amarchand Mangaldas and board member of four companies. Many women directors are well-educated and capable individuals, she adds.

About 35 per cent women directors from promoter groups are engineers, doctors, lawyers or postgraduates and another 45 per cent are graduates, according to the data compiled by *indianboards.com*.

Manisha Girotra, CEO of investment bank Moelis & Company India and a director of a couple of companies, says diversity on boards is important. "Even if a woman gets inducted on the board for the wrong reason, she must do a good job," she says. "If you are frivolous in the boardroom, you do disservice to your position."

Legislating board positions for women was first initiated when a bill to amend the Companies Act was introduced in the Rajya Sabha in 2003. That bill contained several proposals that India Inc found unacceptable and had to be eventually withdrawn. Vinod Dhall, who was the secretary to the corporate affairs ministry at the time, says the intent of the proposal was to increase the presence of women on the boards of companies. "We felt that the proposal would promote gender diversity and that women could bring greater sensitivity in addressing cer-

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*4 women directors

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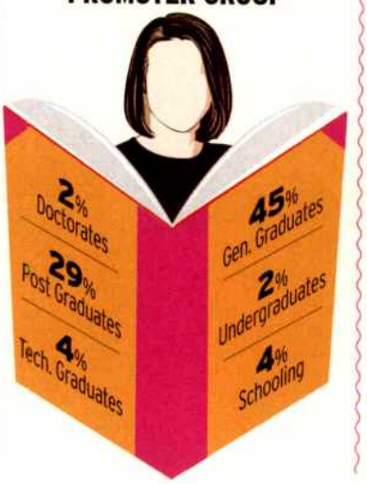

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The Women Issue

SAFE OPTION: WOMEN WHO WERE RECENTLY NAMED TO THE BOARDS OF COMPANIES THEIR FAMILIES RUN

JUHI CHAWLA
Named to the board of Gujarat Sidhee Cement, run by businessman-husband Jay Mehta

DEEPSHIKHA KHAITAN
Additional Director at Cera Sanitaryware, where she is also part of the promoter group

BINA MODI
Named to the board of Godfrey Phillips India, part of husband K.K. Modi's business group

NAWAZ GAUTAM SINGHANIA
Director at Raymond, run by husband Gautam Singhania

AMRITA AMAR VAKIL
Non-executive director at Asian Paints, co-founded by her in-laws the Vakil family

tain types of issues in board deliberations. I believe this is a progressive measure," he adds.

Not many promoters are used to having women in their boardrooms, and so resistance has been high. Some say meritorious women would anyway find their way to the boards, and that they do not need crutches to get there. But even in advanced countries, where women form a large part of the workforce, they remain under-represented on boards until legislation makes induction of women directors compulsory. According to *Women on Boards*, a study by Biz Divas and Khaitan and Co, a fifth of world's 200 largest companies still do not have a woman on their boards. In India, about 850 NSE-listed companies have all-men boards, *indianboards.com* estimates.

Punching Above their Weight

Haigreve Khaitan, Managing Partner at law firm Khaitan and Co, admits he was initially apprehensive about how the legislation requiring appointment of women on boards would play out. He finds those concerns misplaced now. "Women have brought fresh perspective into the boardrooms. They have made boards more open with the questions they ask," he says.

Khaitan finds women come better prepared for meetings than male directors and are not embarrassed to ask questions. "Their questions are very sensible and logical."

Priya Chetty Rajagopal, Executive Director, Leadership and Board Practice at executive search firm RGF and who is also on the boards of a few companies, concurs. "Women don't want to wing it," she says. She felt that professionals like her join boards where they feel they can contribute to the growth of the company and also enhance their learning.

What also helps is that glass ceilings largely disappear in boardrooms. "Being on boards make women feel liberated to ask difficult questions and raise uncomfortable issues, which they may not even in top executive positions," says Padmaja Alaganandan, Executive Director, People and Change Consulting at PwC India. "Questions on how this may impact future career progression etc become irrelevant."

While women want to be on boards, and are accepting challenging roles, most women directors find it distasteful when calls come more because of their gender and less because of their achievements, adds Alaganandan.

But that is how it is. "Clients send out briefs, sometimes a single line, asking us to find women directors," says Radhika Vivek, Executive Director at Sheffield Haworth, an executive search firm. With the September-end deadline for listed companies fast approaching, many are scrambling to find a woman director. No search firm would want to place just any woman on any board; it would be disastrous for the board and the woman if they don't complement each other. "We ask companies to identify gaps in the board that an independent director can fill and then proceed to find a candidate who fits that profile," she adds. The idea is to bring on board a woman director who also has deep experience and hence can add value in specific areas.

Appointing women on boards not only brings diversity to board composition but also makes corporate decisions more sensitive and inclusive. "Women bring more world into the boardroom and they bring heart into decision," sums up Rajagopal. ◆

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The Women Issue

SHE TOO MEANS BUSINESS

Gender equality begins at home and family-run businesses have proved it by bringing their daughters into the corporate world. By E. KUMAR SHARMA

There are no two opinions in India Inc that women deserve a place in the boardrooms. This is one reason why the private sector is seeing more women at the helm. However, over the last decade, the idea of gender equality in business life has oscillated widely from merely nodding to the concept of equal opportunities and promotions based on merit to actual participation in decision-making. It is here that Indian family-run businesses are paving the way for change. Women folk of business families like Godrej, Lupin, Cipla, Emami, Piramal, Sun Pharma and Wockhardt, among many others, are not just part of their respective businesses for namesake but are actively engaged in decision-making riding on their core competence.

Adi Godrej, Chairman of the Godrej Group, is one business leader who doesn't discount the productiveness of women in business. Quoting from a study by the Boston Consulting Group, he says, "If all of women's energies can be used in India, it will add one percentage point to the GDP growth rate and add a lot of value both in terms of economic and social development." His son Pirojsha Godrej and daughters – Tanya Dubash and Nisaba Godrej – are playing key roles in the business. "I have always considered them equal and anyone from the family who wanted to join the business was free to join if they were qualified," says Godrej.

At the ₹11,086-crore Lupin, siblings Vinita and Nilesh Gupta are now in charge of the business. The Chairman and Founder Desh Bandhu Gupta, in a well-planned succession, had handed over the company's rein to them last September. While Vinita, a pharmacy graduate from Mumbai University and an MBA from Kellogg Graduate School of Management, as the CEO, focuses on the company's business in the US, Europe and Japan, Nilesh as Managing Director, is more involved in research and manufacturing. An extrovert, Vinita gives the marketing edge to Lupin. "We work complementarily... It's great for a company to have two leaders instead of one as it gives that much bandwidth for people to perform," says Nilesh. Before taking over the lead roles, the siblings had learned the ropes by working closely with their

VIVAN MEHRA/www.indiatodayimages.com

CARVING A NEW PATH:
Tara Singh Vachani
CEO, Antara Senior Living Limited, part of the Max India Group.
YEAR OF JOINING: 2010.
ROLE: Has ideated and created a new business for the group that focusses on people above 60 years of age.

The Women Issue

DANESH JASSAWALA

father and Kamal K. Sharma, Vice Chairman.

However, for many like 27-year-old Tara Singh Vachani, it was not just about succession. Daughter of Max India Founder Analjit Singh, she proved her merit by adding a new dimension to the existing business. When she was 23, Vachani came up with a business idea for the health care and insurance major that focused on addressing the needs of the 60 and above age group. She set up a new company called Antara Senior Living where she is now the CEO. Antara is building a ₹500-crore residential project for people above 60 in Dehradun and is expected to be ready by the first quarter of 2016. "I wasn't sort of planted into an existing business. I had to build one. I had to carve out my territory and my own charter," she says.

Vachani says the returns from her business will add to Max's equity in the next three to five years. "We are capital intensive but this is not a long-gestation recovery business," she says. For Vachani, it is her sensitivity, ability to multi-task and a strong emotional quotient that has helped her scale new heights. "I sometimes wonder if it has to do with my gender or with my exposure, my upbringing, my parents and my value system," she says. Vachani sees the increasing role played by daughters in family-run businesses as a major change. "The landscape is changing but I don't think it is changing fast enough."

What business values do daughters bring to family businesses? "I think women bring strengths to the table that I sometimes feel men also have but don't necessarily use it in the same way as women do. Also, with equal educational opportunities for both daughters and sons, there is definitely a thought about utilising the core strengths that daughters bring. That's a reason why the landscape is changing," says Vachani. Beyond her core business, Vachani also plays a key role in the group's decisions. She is a member of the group's CEO council that includes the leadership teams of all businesses and meets four to five times a year. "We get to share our thoughts. It's a collaborative approach when it comes to the macro-level journey of businesses," she says.

STICKLER FOR QUALITY:
Nandini Piramal, Executive Director, Piramal Enterprises
ROLE: Heads HR, divison involved with OTC drugs and operational excellence.
YEAR OF JOINING: 2006

Raising the Bar

Much like health-care brands like Max, the challenges of business leaders in the pharma industry are no less. Any

ADI GODREJ, Chairman, Godrej Group

"I have always considered [sons and daughters] equal and anyone in the family who wanted to join the business was free to join if they were qualified"

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The Women Issue

SUBIR HALDER

drug maker that exports to the US faces the worst nightmare of being pulled up by the US Food and Drug Administration (USFDA). The recent developments at Ranbaxy is a case in point. This implies that the focus on manufacturing processes and quality is critical and so are the people leading those functional positions. At the Piramal Enterprises that has market capitalisation of ₹11,606-crore (as on August 6), the person who leads 'operational excellence' is 31-year-old Nandini Piramal. Daughter of Ajay and Dr Swati Piramal, she is touchy about every detail. "You cannot let a product out unless it meets our quality expectations," she says. According to her, it is all about setting a culture in place that respects quality. To ensure this, Nandini had put in place a system of surprise audits. These audits have become more stringent since last year after the USFDA raised the bar.

There are good reasons why her parents made her join the family business as a general manager of the operational excellence department in 2006. Her mother, Swati, had a keen eye on her even before she worked at McKinsey after her degree from Oxford University and MBA from Stanford Graduate School of Business. "Even as a child she loved walking around plants (manufacturing plants). She would often point out areas that needed improvements," says Swati. Today, Nandini keeps a watchful eye on 11 such plants, of which six make USFDA-approved drugs. She also leads the HR vertical that takes cares of the 7,000-odd employees. She also strategises the Over-The-Counter business; one of them is children's brand 'Jungle Magic' under which the company makes essential oils and mosquito-repellent wristbands.

For Swati, her children are bringing in different strengths to business. Her son Anand Piramal, Executive Director, loves design and architecture and is focusing on Piramal Realty. She is proud that Nandini was chosen as one of the Young Global Leaders by the World Economic Forum. "She is one among the 100 from around the world. Ajay was also one of them but he was 40 by then. Nandini is only 31," says Swati.

IN SYNC WITH THE TIMES:
Priti Sureka,
Director, Emami Ltd
ROLE: Only woman on the board; member of strategic think-tank; heads marketing, R&D and innovation divisions
YEAR OF JOINING: 1996.

Father's Pride

Much like Nandini but much before her, Priti Sureka as a kid had accompanied her father R.S. Agarwal, Co-Founder and Joint Chairman of the ₹7,000-crore Emami Group, to watch him work. Agarwal says he could see Priti's keenness in business even when she was in school. "I was interested in business since childhood. I used to be along with my father and watch him closely even when I was in Class IV. Luckily my dad too was keen to have me in business," says 41-year-old Sureka. The only woman on the 16-member board of the ₹1,800-crore flagship company Emami Ltd, she sees her strengths being leveraged under the guidance of her father and with support from kin involved in the business. "Creating products excited me and so I focused on advertising and brand building," she says. She is also involved in strategy, R&D and innovation. On the role played by daughters in business families, she says, "It's not that they did not have capabilities earlier. It's just about more acceptance and a little more boldness, an indication of the social changes all around." ◆

WITH INPUTS FROM ARPITA MUKHERJEE

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The Women Issue

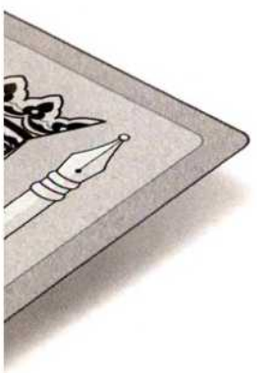
All the Queen's Men

AJAY THAKURI

Men still call the shots in panchayats despite reservation of seats for women. *Business Today* reports from Bihar, the first state to reserve 50 per cent seats at the grassroots for women. By SARIKA MALHOTRA

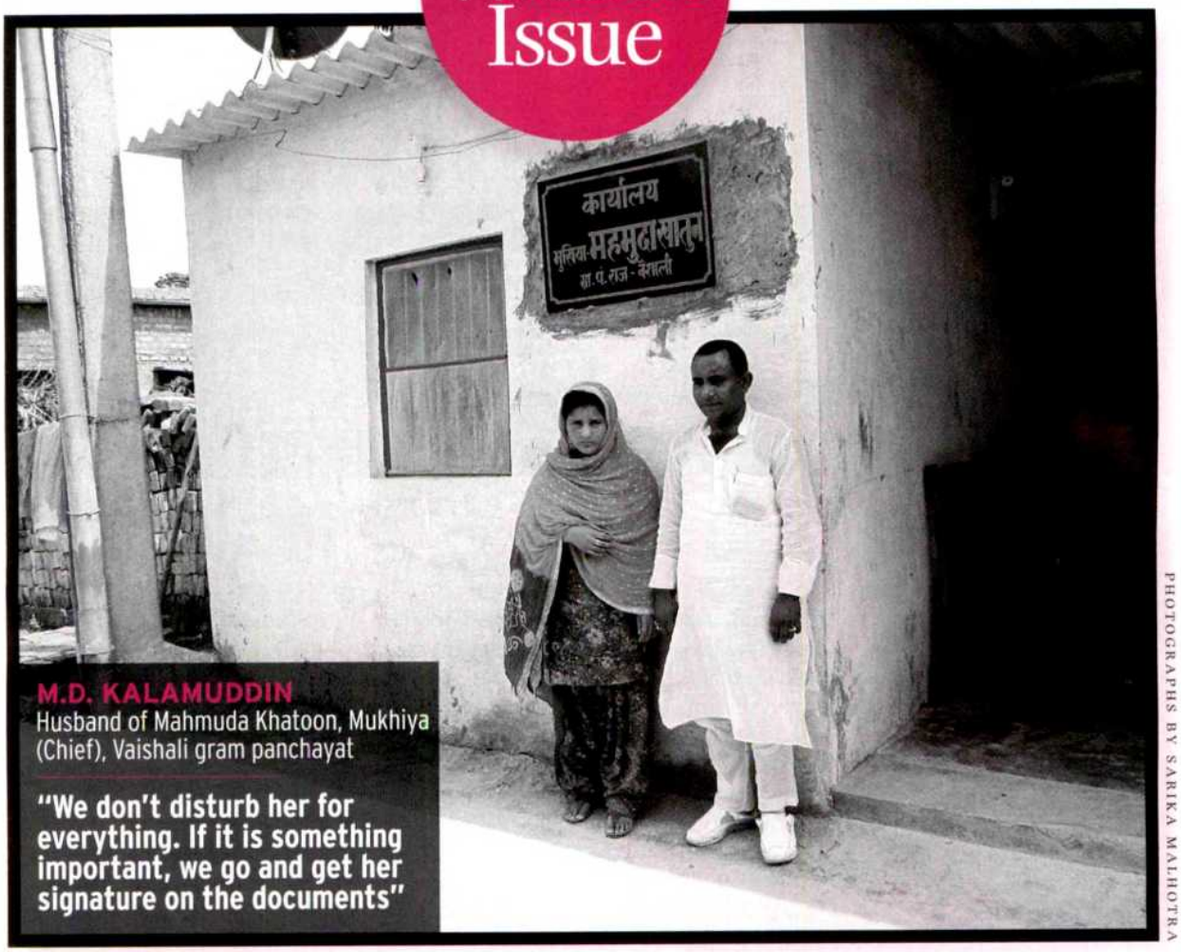
A couple of men, seated on wooden chairs, wait outside a room in a nondescript one-storied building with a freshly plastered name plate: 'Office of Mahmuda Khatoon, Mukhiya, Vaishali Panchayat'. Soon, they are greeted by a short-statured man in his 40s dressed in a sparkling white starched *kurta pyjama* and white canvas shoes. He listens to the concerns of the villagers about the Mukhya Mantri Kanya Vivah Yojna – it provides financial assistance to the family of the girl child at the time of her marriage – and is addressed as *Mukhiyaji* (chief). The man assures the group that he has verified their marriage certificate and the papers are being processed at the block office. The group is at ease interacting with *Mukhiyaji*. In fact, this is their seventh meeting with him for the same purpose. With much pride the man introduces himself as M.D. Kalamuddin, 'President of Vaishali, MP'.

MP stands for Mukhiya Pati, the official name for the husbands of women mukhiyas, explains Kalamuddin. "*Sab kuch toh madam hain, hum to bas unke PA hain* (Madam has all the powers, I'm just her PA)," he quips. Kalamuddin's wife, Khatoon, not seen in or around the premises, is the mukhiya of Vaishali panchyat, and Kalamuddin performs duties on her behalf. In effect, mukhiya of Vaishali panchayat in north Bihar. When enquired about Khatoon, Kalamuddin says she is resting in the house, which is located right opposite the office. "*Humara kaam to subah 5 se raat ke 9 baje tak chalta hai, sab cheez ke liye unko disturb nahi kar saktey. Kuch zaroori hota hai to jaake sign karwa lete hain.*" (Our work goes on from five in the morning to nine in the night. We don't disturb her for everything. If it is important, we go and get her signature). After much insistence, Kalam Saheb agrees to call Khatoon and she finally emerges from the house. It was one of those rare occasions when the villagers got to see their mukhiya.



This is not an isolated case in Bihar. As *BT* traveled through Vaishali district, such examples stood out. The house of Salempur panchayat's Mukhiya Neelam Devi has a similar setting. Rounds of tea have been served in the verandah where a group of men wait to meet the mukhiya. Villagers explain that a lady can't meet visitors unless accompanied by the men of the house. After some 50 minutes a bike stops in front of the house and its driver is greeted by the group as *Mukhiyaji*. A while later, Devi emerges from the house and explains the reason for her delay in meeting us. "*Hum issleye bahar nahi aa rahe they kyonki sab kaam toh yehee kartey hain, toh sab jaankaari inko hai.*" (I was not coming out because my husband does all the work and has all the information). Devi's husband, Ram Krishna Singh, a rural medical practitioner, says his entire day goes in addressing the issues of villagers who flock to their house from morning till midnight. "*Itney log aate hain ki madam ka poora din chai bananey mein nikal jaata hai. Ghar ke kaam aur bacchon ke liye bhee samay mushkil se milta hai,*" he says. (There are so many visitors that madam's entire day goes in making tea for them.

The Women Issue



M.D. KALAMUDDIN
Husband of Mahmuda Khatoon, Mukhiya (Chief), Vaishali gram panchayat

"We don't disturb her for everything. If it is something important, we go and get her signature on the documents"

PHOTOGRAPHS BY SARIKA MALHOTRA

She gets little time for household chores and children.) Some 100 cups of tea are served daily to visitors in their house as the panchayat bhawan is undergoing renovation and *madam* has to ensure that all people coming to meet them are looked after well, adds Singh. "*Madam authority hain, hum to kewal formality nibhatey hain,* "(Madam is the authority, I just take orders) he asserts. However, Devi confirms that she has attended only a couple of meetings with the Block Development Officer (BDO), District Magistrate and District Development Commissioner since becoming the Mukhiya in 2011.

Rubber Stamps

Devi and Khatoon are among the scores of women mukhiyas, sarpanchs and *pramukhs* in the state who find themselves in a peculiar situation. They were elected after 50 per cent mukhiya and sarpanch seats (some 4,200) in panchayats were reserved for women in Bihar in 2006. But most of these women are just rubber stamps with the men in their house – it can be the husband, father or the son – running the show. A random sample of Vaishali block's women mukhiyas and *pramukhs* makes this evident. In Bhagwatpur panchayat, Paspati Devi is the Mukhiya but her son Nunu Singh is known to discharge all official duties. Usha Devi served as the Pramukh of Vaishali for seven years till June this year but her husband Nawal Rai, known as Pramukh Pati, did all the official work. Villagers point out that Usha Devi was hardly ever seen at the block office during her entire tenure.

Not just the villagers, but the block officials also are accustomed to interacting with the male members. In the block office of Vaishali, the official contact list of newly elected sarpanchs and mukhiyas, sourced by *BT*, has a column for the name of the husband, father and son. Interestingly, the contact numbers mentioned in the list are of the male members instead of the lady mukhiya. Indeed, most BDOs don't even recognise the real mukhiyas, says Anil Kumar Bhagat, a resident of Vaishali district. "In a group of women, the BDO will not be able to recognise the mukhiya. All officials are used to interacting with the Mukhiya and the Pramukh Patis," he says.

The Bihar government is aware of the ground realities in the state. In the past, women mukhiyas have been discouraged from being accompanied by their husbands, or representing them, for official meetings. Shashi Shekhar

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Sharma, Principal Secretary, Panchayati Raj Department, Bihar, acknowledges the problem but points out that it is not limited to the state alone. "In Jharkhand, Rajasthan, Uttar Pradesh and Madhya Pradesh men accompany and assist women mukhiyas. However, one has to look at the situation rationally. It's a structural problem. The root cause for this is illiteracy, lack of confidence and training of these women representatives," he says.

Sharma explains that the role of the panchayats has evolved in the recent past, with considerable development and financial decisions resting in the hands of the mukhiyas – right from implementing development and welfare schemes such as MGNREGA and Indira Awaas Yojna to construction of roads and drainages. These involve preparing audit reports and giving sanctions for projects. "Since the seats are reserved, women get elected. And from the very next day they are supposed to perform their duties and implement schemes and give sanctions for projects," says Sharma. "However, since most women are illiterate and do not have any training of handling technical issues and financial deals, they have no option but to take assistance from male family members. Also, family members are the only people she can trust for financial decisions."

The government is conscious of this problem and is making provisions to train and assist these women representatives. "This is just a transitional phase. Once these representatives are trained, they will feel confident and will be empowered," says Sharma.

However, that promises to be a tall order. The disconnect of the women representatives is not limited to the administrative set-up. Villagers point out that in most cases these women representatives do not even come out of the house to campaign during panchayat elections to protect the *pratishtha* (prestige) of the family. "Where is the question of going out for campaigning when women are still accompanied by male members while going out of the house? The lady's role is limited to dutifully filing her nomination papers and casting her vote," says Pramod Kumar Singh, a resident of the district.

Singh says women mukhiyas do not even know where the papers are filed and what documents are required. "She just signs on the nomination form brought to her. All political negotiations, decisions, bargains and approach are decided by the men." Indeed, the social set-up is such that women hardly get any time to get involved in public life. "All the household chores are undertaken by the lady and since most homes have big joint families there is no time for other activities. Middle-class women stay in purdah," says Singh.

Clearly, it will be a while before reservation of panchayat seats lead to real empowerment for these women. "Where is the question of empowerment? She has instead empowered her husband or son," says Bhagat. Villagers believe that in this milieu, it will take another couple of decades for women to contest elections independently and not as a proxy for the family.

Bhagat explains the dynamics. "Every panchayat has a similar socioeconomic set-up in which a few families or individuals have political inclination and ambition. They are the ones who contest elections and spend money on elections," he says. "Depending on the category of reservation, they field their candidates, who can either be from their family or outside. If it's a reserved seat for women, they field their mothers or wives. The lady is just used as a pawn to fulfil the ambition of the family or individual."

This is also evident from the case of Kalamuddin, who had lost the election to the Bihar legislative assembly (Vidhan Sabha) on a BSP ticket in 2010 from Kurhani, in Muzaffarpur district. He then fielded his wife, Khatoon, in 2011 from Vaishali in mukhiya elections, since the seat was reserved for women. Devi's case is no

DEEP POCKETS

A gram panchayat gets ₹50 lakh to ₹1 crore yearly to implement central and state schemess

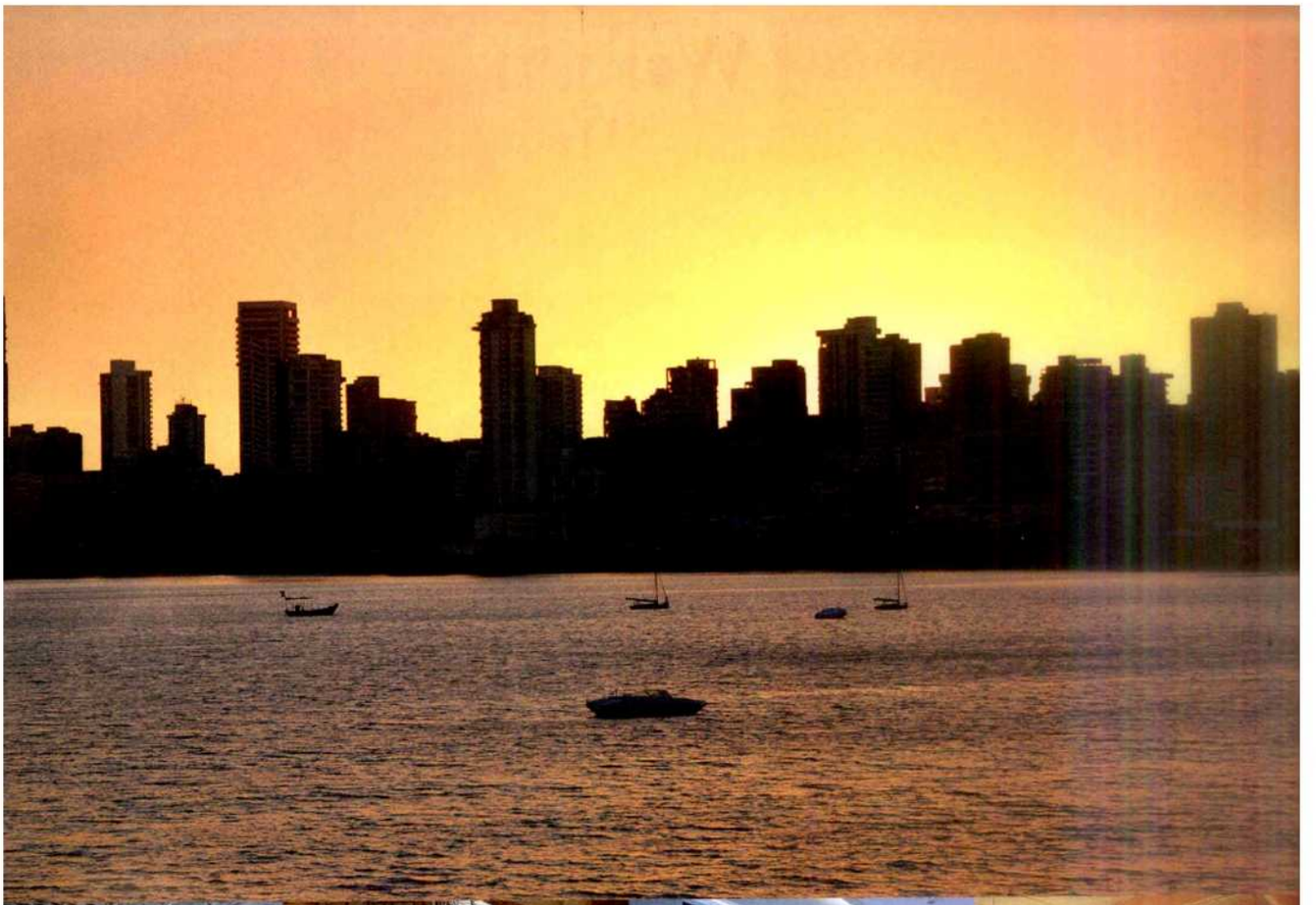
A mukhiya has to implement and administer **29** (central plus state) schemes

MGNREGA allocation to panchayats alone accounts for **₹30 lakh to ₹40 lakh**

Other central government funded schemes include Indira Awaas Yojana, Integrated Child Development Services, Sarva Shiksha Abhiyan and National Rural Health Mission

A panchayat is allocated at least **₹20 lakh** through the Backward Region Grant Fund, 13th Finance Commission and 4th State Finance Commission

State schemes include Mukhyamantri Kanya Vivah Yojna and Mukhya Mantri Gramoday Yojna (for building rural infrastructure)



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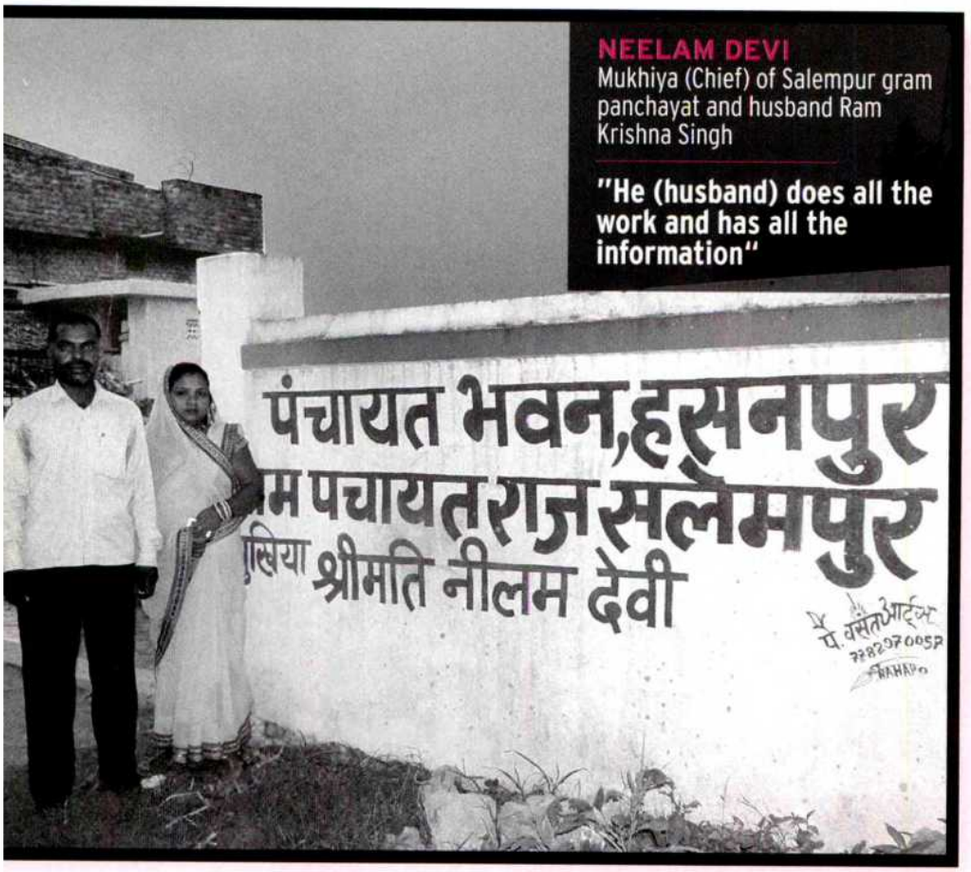

NEELAM DEVI
Mukhiya (Chief) of Salempur gram panchayat and husband Ram Krishna Singh

"He (husband) does all the work and has all the information"

different. Her family is quite influential and she was fielded for the post of sarpanch in the previous panchayat election from Salempur, a reserved seat. Devi had won, as the seat was reserved. Now she is the mukhiya. Interestingly, in Devi's case, the name and mobile number of her husband's uncle – Mohanji – is also mentioned in the official contact list at the block office.

A Lot at Stake

Power is increasingly being vested with panchayats for implementation of crucial schemes and projects. Indeed, becoming a mukhiya brings in recognition and power, besides being a stepping stone for a bigger role in public life. Development economist Bina Agarwal believes that both, the lure of financial resources and the political power and status which goes with the position of mukhiya, is a big draw. This makes elections to the panchayats a high-stakes battle. For instance, a mukhiya has to implement and administer 29 schemes. A panchayat gets ₹50 to ₹60 lakh to spend on different central and state schemes in a year (see *Deep Pockets*), in addition to being responsible for the appointment of panchayat school teachers, Asha Health Workers and Anganwadi (government-sponsored child- and mother-care centre) workers.

"Everything in the panchayat gets routed through the mukhiya, and other officials including the BDO and panchayat secretary become natural allies, with each in the chain getting a stipulated cut for every work done, be it construction, distribution, verification or appointments," says Krishna Kumar, a social worker associated with Prayog, an NGO which works in rural areas.

In reserved panchayat seats for women, the husband or the head of the family decides and dictates the terms on which implementation of any project or scheme takes place. Kumar points out that the mukhiyas get a meagre allowance of ₹1,200 a month and that is not the only driving force for women or their husbands to be in public life which involves working round the clock. "Since the real elected representatives do not perform any duty and all dealings are done by the husbands or sons, corruption has escalated," says Kumar. "As the block officials oblige the family members by interacting with them, therefore taking bigger cuts from the family members, it eventually translates into greater corruption in schemes."

Clearly, most women representatives have stayed at home and functioned as mere figureheads. "In many cases these women have very little or no knowledge about local governance issues. They simply put their sign or thumb impression on the dotted line," says Ranjana Kumari, Director of the Delhi-based Centre for Social Research. Bihar, and indeed India, is not unfamiliar with women running the show on behalf of their

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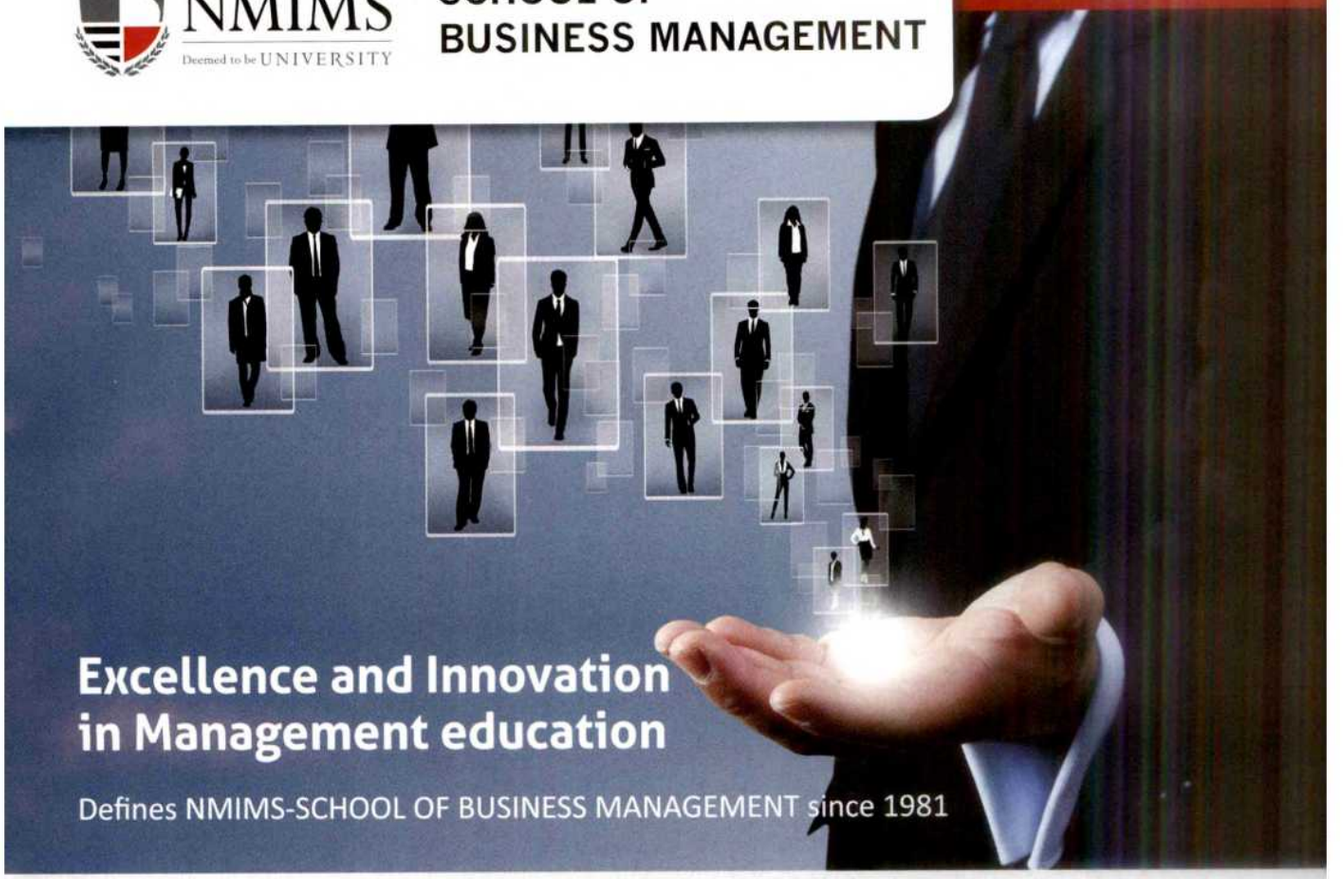

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CONCEPT

husbands. "Bihar was ruled by Rabri Devi for eight years from 1997 after her husband (Lalu Prasad Yadav) resigned following the fodder scam charges but administered the state," says Kumari.

But rampant corruption in welfare schemes has often put these women representatives in a strange position. In cases of corruption, FIRs and complaints are lodged against these women since they are the official authorised signatories but the real culprits are mostly the men. Such examples are growing in Bihar, says Minni Thakur, Reader and Head of the Department of Political Science, RNAR College, Samastipur, Bihar and author of "Women Empowerment Through Panchayati Raj Institutions". "Complaints are lodged against them and action is taken against these women representatives as they are the authorised signatory. In cases of inquiry they have no clue of what has happened and how to deal with the situation. They just follow the advice of their husbands."

Observers feel, contrary to expectations, reservation is diluting the concept of Gram Swaraj (self rule by the villages). "In the *gram sabha* (meeting of villagers), the mukhiya proposes all projects in front of the villagers where the plans, schemes, allocations are discussed, passed and then taken to the block officers for approval," says Kumar.

He adds that, since the lady mukhiya does not attend the meeting, the plans are internally decided by the husbands, sons, their coterie and officials, and the lady only signs the documents. "The common man is completely kept out and is unaware of the development plans, as the sabha seldom takes place. In essence, it has weakened grassroot democracy. The only time the lady mukhiya is seen publicly is on August 15 and October 2 when it is mandatory and makes for a photo opportunity for the block records," says Kumar.

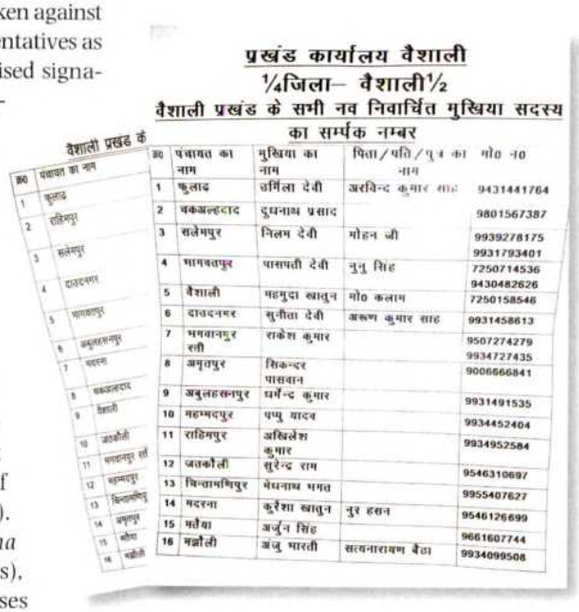
So are reservations bringing about any change in the socioeconomic status of women? It takes generations to bring about social changes, says activist Shabnam Hashmi. "A large proportion of women are still surviving under *khaps* and in feudal societies which treat them as the property of men. The rise of communal politics and caste politics has further made the women second-class citizens," says Hashmi.

The conservative social set-up is making it difficult for women's reservation to work, say observers. "Patriarchy and illiteracy contribute to us becoming a static society in most parts of the country. Therefore, women are controlled by their fathers, brothers and then husbands. The government's schemes for empowering women are good but their implementation is pathetic," says George Mathew, Chairman, Institute of Social Sciences, Delhi.

Under then chief minister Nitish Kumar, Bihar was the first state in the country to introduce 50 per cent reservation for women in all tiers of panchayats through the Bihar Panchayati Raj Act, 2006. Currently eight states, including Bihar, have reserved half the seats in local self government bodies for women

"After the introduction of reservation, Bihar witnessed almost 10 per cent increase in voting in the 2009 parliamentary elections on account of women voters. It worked to the government's advantage. It translated into sure shot vote bank," says Thakur. While things really did not improve for the women on the ground, for the first time they got some recognition socially. "It worked as appeasement politics. The very fact that the men of the house are getting papers signed from her, she is getting some importance in the social space, is addressed as *madamji* and children in schools flaunt that their mother is the mukhiya, was significant," adds Thakur.

But whether reservation has actually empowered women at the grassroots is debatable. ◆



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क्र0	पंचायत का नाम	मुखिया का नाम	पिता/पति/पुत्र का नाम	मो0 नं0
1	कुलाद	उर्मिला देवी	अरविन्द कुमार साह	9431441764
2	चकअल्हदाद	दुखनाथ प्रसाद		9801567387
3	सलेमपुर	निलम देवी	मोहन जी	9939278175 9931793401
4	भागवतपुर	पासपती देवी	नुनु सिंह	7250714536 9430482626
5	वैशाली	महमुदा खातुन	मो0 कलाम	7250158546
6	दाउदनगर	सुनीता देवी	अरूण कुमार साह	9931458613
7	भगवानपुर रती	राकेश कुमार		9507274279 9934727435
8	अमृतपुर	सिकन्दर पासवान		9006666841
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11	राहिमपुर	अखिलेश कुमार		9934952584
12	जतकौली	सुरेन्द्र राम		9546310697
13	मिल्लामछिपुर	मेघनाथ भगत		9955407627
14	पदरना	कुरैशा खातुन	नुर हसन	9546126699
15	सतैया	अर्जुन सिंह		9661607744
16	मन्नौली	अंजु भारती	सत्यनारायण बैठा	9934099508

THE OFFICIAL CONTACT LIST, sourced by BT, of newly elected sarpanchs and mukhiyas from Vaishali Block Office. The numbers mentioned in the list are not of the lady mukhiya but of the male members of her family

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The Most Powerful Women In Indian Business

The eleventh edition of *Business Today*'s annual listing of the best and brightest businesswomen in India.

efore we talk about women in business, let us reiterate something that we already know. Gender equality in practice is far more complex than it is in words. It has been a man's world for eons and everything has been discussed from that standpoint. That outlook started changing with women making inroads into influential positions – be it politics, business, sports or governance. Slowly and steadily their numbers are growing and their efforts more visible. Women have reinvented themselves with education and endeavour to become role models. The *Business Today* annual listing of Most Powerful Women In Indian Business 2014 stacks them up for you.

In the eleventh edition of this special listing, *BT* has made two significant changes in the way we decided the winners. Firstly, the magazine in collaboration with EgonZehnder, a leading executive search and talent management consultancy and knowledge partner for the list, shortlisted 55 powerful women from a preliminary list of 170 candidates. They were selected from across various categories such as corporate, finance, media and advertising, publishing, entrepreneurs, family businesses, film production, consultancy and legal and research outfits.

We applied four yardsticks to determine their selection: Nature of current role (executive versus advisory); size, scope and complexity of the role; business achievement in the last fiscal year; and spheres of influence and impact. Only those women who have served a year or so in the current executive role were considered.

Secondly, an independent jury comprising eminent members in the world of business decided the winners. They are Bhaskar Pramanik, Chairman of Microsoft India; Rajiv Memani, Country Managing Partner of EY India, and Leo Puri, Managing Director of UTI AMC. They met in Mumbai on July 1and selected 22 out of the 55 names as the Most Powerful Women in Indian Business for 2014. The jury choices were based on executive performance, company's or institution's performance, and impact.

Apart from the consistent performers who feature in our list every year, we have nine debutants and three comebacks. Read on as we narrate their journey to the pinnacle of success and glory.

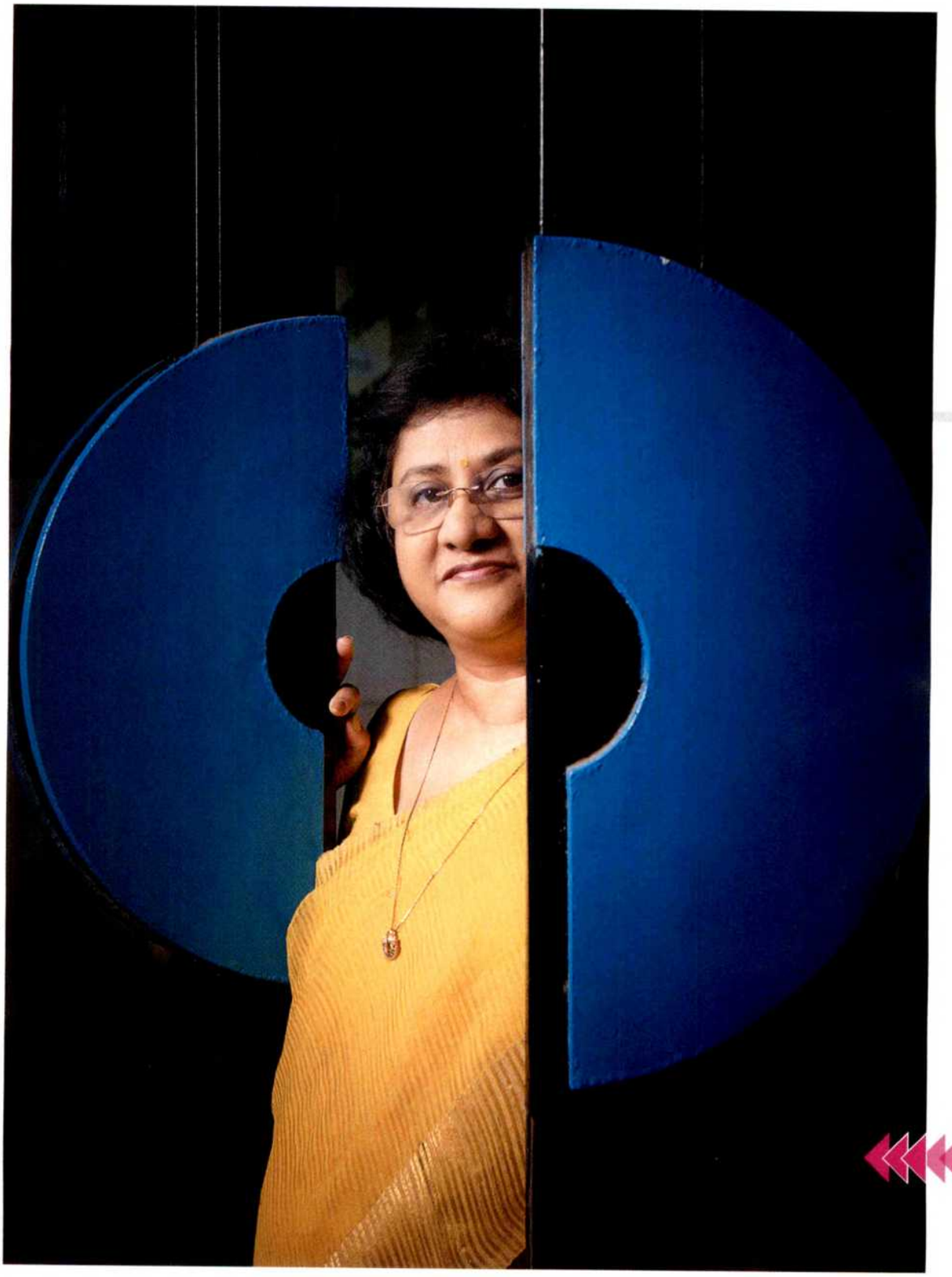
THE JURY

BHASKAR PRAMANIK
Chairman, Microsoft India

RAJIV MEMANI
Country Managing Partner, EY India

LEO PURI
MD, UTI AMC

Debutant/Arundhati Bhattacharya



RACHIT GOSWAMI/WWW.INDIATODAYIMAGES.COM

Entering a Male Domain

Arundhati Bhattacharya has blazed a trail by becoming the first woman chairperson of India's largest bank

When Arundhati Bhattacharya was posted as General Manager (GM) in Lucknow in 2006, she actually thought of leaving State Bank of India (SBI), the country's largest bank. "My worry was finding a proper school for my child," says Bhattacharya, the first woman chairperson of the 208-year-old public sector bank. The decision to move to a new city was tough as she had spent most of her life in Kolkata. It was then that her former boss and mentor M.S. Verma intervened and prevented Bhattacharya from putting in her papers. "Having come so far in your career, there is no question of giving up at this juncture. Things will sort themselves out," Verma, who was the Chief General Manager and her boss in the mid '90s, counselled her. Verma had also become the chairman of SBI in 1997.

Bhattacharya heeded her mentor's advice and it turned out to be the right decision – she has had a meteoric rise to the top since then. In the last four years, in particular, she has been given a slew of promotions. She became the deputy managing director in November 2010. Two years later, she was posted as MD & CEO of SBI Capital Markets, a subsidiary of the bank. She became the CFO & MD of the bank in August 2013. Two months later, she superseded three male colleagues to reach the corner room as the first woman chairperson. "When you actually tread that (difficult) path, things get resolved themselves," says Bhattacharya. "Nothing is as bad as it seems to be. If you take the plunge, you will somehow manage to swim across."

STEPPING INTO THE FUTURE: Arundhati Bhattacharya is a perfect role model for aspiring female bankers

The journey of Bhattacharya, 58, has been full of challenges. Her formative years were spent in east India. Bhattacharya's father was an engineer at Bhilai Steel Plant, West Bengal. She finished her schooling at St Xavier's School in Bokaro Steel City where teachers spotted her flair for English literature and encouraged her to pursue further studies in the subject. "The father at my school felt that the creative field will be right for me," remembers Bhattacharya. She heeded the advice of her teachers and took English literature as a subject during her graduation at Kolkata's Lady Brabourne College and postgraduation at Jadavpur University.

Banking was not on her horizon at the time. "It sort of just happened," grins Bhattacharya. She

heard about the probationary officer examination while staying in the Jadavpur University hostel. "Those days, SBI was one of the best paymasters," says Bhattacharya, who appeared for the examination along with her other hostel friends. She went through the process of learning the basics of banking after she joined in 1977. "That is done by the Institute of Bankers for all officers," she explains.

Bhattacharya has been posted in all corners of the country – north, south, east and west. She also had a stint at SBI's New York office, overseeing branch performance and audit. Bhattacharya says each job that came her way was challenging. "Retail is very different from corporate," she says, who has honed her skills in foreign exchange, treasury, retail and corporate operations. Bhattacharya has done Human Resources towards the fag end of her career and has also been an investment banker.

But the turning point, according to her, came when she got involved with setting up new businesses for the bank. She was actively involved in establishing joint ventures for the bank, including the tie-up with Insurance Australia Group for general insurance, Macquarie for private equity and Societe Generale for custodial services.

Looking back, she finds her one-year assignment with SBI Capital as MD and CEO very challenging and satisfying. "At SBI Cap, I learnt to look at the bank from outside. It did make a big difference in my career," says Bhattacharya. "Unlike SBI, you have to fend for yourself at the subsidiary. You have to earn profits to pay the salaries," she says.

Bhattacharya likes interacting with people. "I'm busy learning and meeting new people at my job and never get bored," she says. As the first woman chairperson of the bank, she also wants to meet the expectations of women employees who constitute 20 per cent of SBI's workforce. Bhattacharya has already taken a lot of initiatives for them, including a two-year sabbatical to pursue higher education, a transfer policy which allows them to be close to their family, and special training programmes to enrich their professional lives. "I'm also considering some kind of flexi timing and temporary deputation for women who are planning to start a family and want to be with their parents or in-laws."

MENTOR AND GUIDE: Arundhati Bhattacharya at the 58th Annual Convocation of XLRI Jamshedpur in March this year

She wonders why there are few women in the public sector banks. "I don't find that many women now in the GM and DGM (Deputy General Manager) category in PSU banks," she says. However, SBI has a healthy pipeline of women managers. "We have 12 women in the CGM and upwards category," says Bhattacharya.

Piyush Singh, MD of Accenture's Financial Services says Bhattacharya wanted to remove the perception that public sector banks are laggards, particularly in technology. He has worked very closely with Bhattacharya and her team on launching SBI's 'digital branches'. "I do not believe anybody (private banks) has taken a lead in the digital banking space like SBI," he says. But Bhattacharya will have to ensure that SBI scales up its digital banking initiatives fast to remain ahead of the competition.

Clearly, Bhattacharya is a perfect role model. Her success story will inspire many women to take up banking as a career in the years ahead and even vie for the top jobs. ◆

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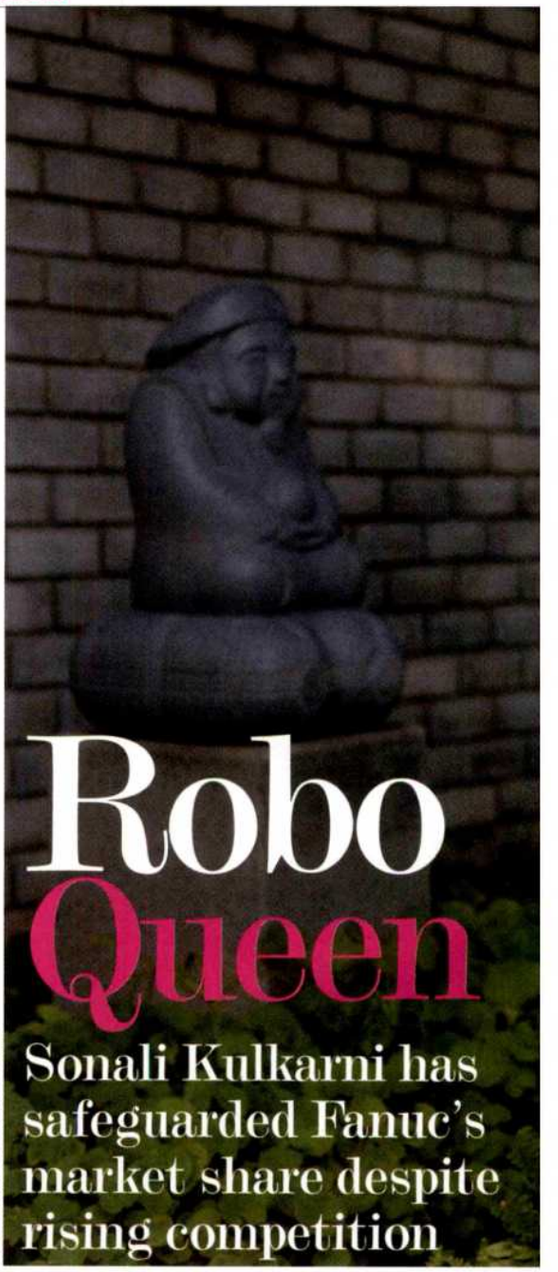

ABHISHEK GUNARATNAM

Robo Queen

Sonali Kulkarni has safeguarded Fanuc's market share despite rising competition

onali Kulkarni – like her great-grandfather Mahatma Gandhi – is not easily deterred. Kulkarni is President and CEO of Fanuc India, the local unit of Japanese industrial robots maker Fanuc Corp. In May last year, Fanuc India lost two major contracts to supply machines for in-mould labeling on containers. The machines were a tad too slow for the prospective clients. Kulkarni took up the challenge and worked with her team on the machines at Fanuc's Bangalore facilities. After a few changes the machines managed to complete the process in six seconds, enough to meet the clients' needs. But she still wasn't satisfied. "We tweaked and tweaked again and did that in 4.2 seconds."

That doggedness has come in handy over the years for Kulkarni, one of a handful of women corporate leaders in the male-dominated Indian manufacturing sector. The trait was visible even before she started her career. While studying chartered accountancy she applied for her first articleship at Ahmedabad audit firm C.C. Chokshi. During the interview she was told that the firm did not have a separate toilet for women, as there were no female workers at the firm then. Still, she joined. Work conditions may have been difficult but she says the glass ceiling never affected her career. In fact, she says she was never paid less than her male counterparts for the same work. "I have worked in three countries – the US, Japan and India. I find the least [of a] glass ceiling here," says Kulkarni, who worked as a financial analyst in the US and as an assistant to Fanuc Corp's chairman in Japan before moving back to India.

Another incident highlights her resourcefulness and technical knowledge. A few years ago she met with the CEO of a company which made transmission systems for one of Japan's largest automotive companies. The executive asked her

help to improve the Fanuc machines' cycle time required to finish operations. Kulkarni asked for three days to revert. By the end of it, she had improved the cycle time of the vendor by 12 per cent.

Kulkarni took charge of Fanuc India in 2006. The company's revenue has doubled since then, she says, without disclosing the numbers. Fanuc's robots are used on assembly lines, paint shops, and in mining. TVS Motor's Jupiter motorcycle, for instance, is completely painted by Fanuc robots. Hero bikes, Maruti Suzuki cars and even Apple iPhones and iPads are assembled by these robots. Fanuc also makes computer numerical control, or CNC, machines where a pre-loaded software program controls the manufacturing process. All machines are made in Japan and the local unit sells and maintains these machines in India. "The synergy we get

GROWTH DRIVE: Fanuc India's revenue has doubled since Kulkarni took charge in 2006

from one plant is not worth losing by opening plants in other parts of the world," says Kulkarni.

Fanuc has 80 per cent share of the market for industrial robots in India, where it competes with companies such as the local unit of German robotics group KUKA. But it is not easy to maintain the leadership position, she says, adding that competitors often undercut prices to gain market share. Currency movements also affect the company, as it imports machines from Japan. Kulkarni says she faced a tough situation in 2008 when the yen surged against the rupee. Overall, the Japanese currency had risen 105 per cent against the Indian unit since 1999, when Fanuc had last raised prices. During this period, the cost of importing the finished products rose significantly and put pressure on margins. "We could not have absorbed that cost. We are a low-margin business," says Kulkarni. She started revising the rates. The customers did not like the move, and it affected Fanuc's market share.

Over the past couple of years, Kulkarni has taken several initiatives to maintain Fanuc's market share. In early 2013, she made a proposal to the head office in Japan that the company should create scaled-down versions of robots and CNC machines and price them appropriately. Before submitting the proposal she had set up a team at Fanuc India to map the company's entire consumer base to find out which features were not used in the CNCs and the robots. By October 2013, the company had rolled out new products in the Indian market. Customers were sceptical first, but Kulkarni spent a lot of time helping them understand the new machines. Sales have picked up now. Since April this year, Fanuc has sold over 1,200 of these new products.

Kulkarni is also sharply focused on client servicing. Towards the end of 2012, she found out that some clients were facing a shortage of machine operators who knew English. She solved the problem by loading the CNC machines with Hindi and subsequently with Tamil software.

Clients vouch for her. Vikram Kasbekar, Head of Operations at two-wheeler maker Hero MotoCorp, says Kulkarni is very rational and loves to work on new challenges. "Once, we had some problem in operations, and they [Fanuc] tried to work on it even though it wasn't an equipment problem. It didn't work out but even proactively coming forward shows the positive outlook of that person," he adds. Shrinivas Shirgurkar, Managing Director at Ace Designers, which is Fanuc's biggest customer, says Kulkarni is very enterprising. "Many times we have urgent requirements of systems that we have not pre-ordered, but she would get that done. She is also able to connect with the headquarters to get the correct pricing for us. India is a low-cost country, and price plays an important role," he says.

EARLY DAYS: With husband Ravi Venkatesan in Kyoto, Japan in June 2000 (left); her cubicle at one of her previous employers Wendy's International in 1996

What is she like in her personal life? Kulkarni is married to former Microsoft India chairman Ravi Venkatesan. While she drives a Maruti Kizashi luxury sedan – Maruti is one of her biggest customers – her Gandhian lineage obviously has had an impact on her. A zoology graduate, Kulkarni recently saved an injured *mynah* and has planted a lot of trees at Fanuc's offices. What's her opinion about her great-grandfather? "What I like about him is the unity of thoughts," she says. ◆

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Drafting New Designs

Anita Dongre has made fashion affordable for the average Indian woman

ome December, fashion designer Anita Dongre will relocate her office from the western suburbs of Mumbai to her sprawling 1,80,000 sq.ft. garment factory premises at Rabale, on the outskirts of the city. "I am looking forward to it," says an excited Dongre. Once the factory is operational, it will be the main production hub for her flagship western wear brand AND and also for Global Desi, the women's Indo-western wear brand. Both these brands are currently being produced through a network of contract manufacturers.

This would also make her company, And Designs India Ltd, the first Indian designer label to have its own centralised production hub. The ₹300 crore company has 123 retail stores across its brands – AND, Global Desi, and Anita Dongre (Interpret and Timeless). The 50-year-old designer's ambition is to become a ₹1,000 crore company in next four to five years.

How is Anita Dongre different from other designers? Her USP has been her efforts to make fashion affordable. "Right from the day I began way back in 1999, I have always wanted to enable the common Indian woman a stylish designer garment," she says. With her products competitively priced between ₹1,500 and ₹2,000, Dongre has certainly succeeded in her ambition.

Dongre started designing clothes in 1997, when she started supplying to stores such as Benzer in Mumbai. Her inspiration for creating affordable fashion is the iconic Giorgio Armani. Dongre recalls her first visit to Italy, way back in the early nineties when she was in her mid-twenties. The highlight of the journey was a visit, again her first, to the Georgia Armani store in Milan. "I became an instant fan of his styles and cuts, and I was all the more fascinated at the way he had succeeded in making not just fashion

OVERSEAS PLANNING: After making her mark in India, Anita Dongre now wants to grow business in global markets

SHEKHAR GHOSH/www.indiatodayimages.com

for the rich and the famous but also for the average upper-middle class with equal ease."

All that Dongre could afford those days was an Armani belt, but when she walked out of the store, she had made up her mind to go back to India and create a brand for women. The idea was to take high fashion to the doorsteps of the common Indian woman, just like Giorgio Armani ensured his premium brand was made available across Europe and the US by opening a large number of stores. "The thought which crossed my mind when I saw Giorgio Armani's clothes was that if he could make fashion mass in Europe, why can't we do it in India," says Dongre.

Her task, however, was far more daunting than that of Armani, as she was catering to a set of consumers which hardly had any understanding of high fashion. "My initial journey was extremely slow, as Indian retail was also moving at a slow pace. However, I always had an instinct of Indianness in me, which told me why can't an Indian fashion brand become global."

It is 15 year years since Dongre launched her flagship brand, AND, which has now become a household women's wear brand. She has also forayed into high-end fashion with Interpret and Timeless. She is taking baby steps in fine jewellery, too. So, is it time for Dongre to make the next move and foray into the international market with her brands? "It is definitely a desire to be known internationally, but there's still a lot to do in India, which can't be overlooked."

Sandeep Naik, Managing Director (India and South Asia) at private equity firm General Atlantic, which picked up a minority stake in And Designs last year, says Dongre not only understands the needs of the evolving Indian women, but has also made sure that she caters to their needs at affordable price points.

Naik says that the plan is to take the AND and Global Desi brands to more tier-two and tier-three markets as well as penetrate deeper in the metro markets. "In the long run, we also want to take Anita's brands, especially Global Desi, to the international markets such as the Middle East, where there is a huge demand for fusion clothing."

Dongre certainly has her hands full. Once her production hub at Rabale takes off, Dongre's next venture would be "Project Grassroot". She has already started making frequent trips to the interiors of the country to interact with weavers and craftspersons. "My next move would be to promote Indian weaves and crafts and make them contemporary," she says. Her first collection celebrating Indian weaves and crafts is due to hit the market early next year, under the brand name Grassroots. The plan is also to set up manufacturing facilities in rural areas. The first such facility is likely in Rajasthan in next one to two years. "My vision is to empower these craftspersons and weavers and showcase their craft to the world," she says. ◆

AJITA SHASHIDHAR

@AjitaShashidhar

LEISURE TIME: Anita Dongre with husband Pravin, CEO of Glencore Grain India, and son Yash at a vacation 10 years ago (left) and at their home (right) last year

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Seeding Success

With Seedfund, Bharati Jacob shows the way to nurture entrepreneurship

Early-stage investment has more to do with gauging the ability of an entrepreneur than with the potential of a business idea. Bharati Jacob, Managing Partner of Seedfund Advisors, an early-stage venture capital firm, knows that very well. This was a reason why her firm wrote a cheque of $1 million towards Heckyl Technologies, a start-up firm that provides real-time data analytics to financial institutions, in 2012.

Jacob had discovered Heckyl Co-founder and CEO Mukund Mudras while he was demoing at a start-up event in Bangalore two years ago. By December 2013, when Seedfund invested another $3.5 million, Heckyl had on board 15 customers. "Seedfund is more about mentoring and being approachable to entrepreneurs than money," says Mudras.

According to IT entrepreneur Pravin Gandhi, who joined hands with Jacob and Mahesh Murthy to set up Seedfund Advisors, Jacob is good in spotting opportunities. "She executes well, efficiently but silently," says Gandhi, General Partner at Seedfund. In a nascent market like India, the toughest part of being an early-stage investor is taking bets on a company's prospects. "There is no history to fall back on like for a mid-cap company or an Infosys. Most of them have never been entrepreneurs before," says Jacob.

A graduate of Wharton School, Jacob, 52, sees her gut instinct to understand an entrepreneur as her biggest strength. A way to assess an entrepreneur's ability to cope with pressure, Jacob says, is to check the way they react when one challenges his/her assumptions of the market or customers. A long and convoluted answer to a basic question such as 'what and whose problem you are solving' is one prime reason she would say no to a start-up.

For Jacob and her team the experience gained at Infinity Ventures, one of India's earliest venture funds set up by Gandhi and Saurabh Srivastava (who also co-founded Indian Angel Network), has come handy.

"In 2000, at Infinity, we had tried to replicate the Silicon Valley model in India. We soon realised it won't work here as entrepreneurs were not that mature," says Gandhi. So throwing in too much money too early could be disastrous for an early-stage venture fund mainly because entrepreneurs, while trying to perform under pressure, could go wrong with the money in their account.

Gandhi says the team also found the need to discover unique investment opportunities instead of going with the trend. "In India,

HOLDING ALL THE ACES: Jacob is good in spotting opportunites and executing them quietly and efficiently

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FAMILY MATTERS: (from left) Bharati Jacob giving a makeup to daughter Urvi in 2000; with her husband and private equity specialist Jacob Kurian and Urvi during a vacation in Portugal, in 2002

me-too companies that are not on the top of the heap face exit challenges. In the US, even the fourth or the fifth biggest company in a sector can exit," he says.

Jacob was the first to join the founders of Infinity, a $35-million fund. She honed her skills with over 16 investments and decent exits like Indiagames and Indiabulls. After returning the money to the investors of the fund, Jacob and other co-founders of Seedfund managed to first raise $15 million in 2006 followed by $54 million in October 2010.

Seedfund has so far invested in 35 companies. The biggest return for the venture fund till date came from its maiden investment in CarWale.com. Seedfund earned nine to ten times return on an investment of about $800,000 when it along with Sierra Ventures, a venture capital firm, sold their stakes to German media company Axel Springer and India Today Group in 2010. Last year, redBus.in, a platform owned by Pilani Soft Labs and funded by Seedfund, was sold to Ibibo Group, a joint venture between Naspers, a South African media house and Chinese Internet company Tencent, for ₹800 crore.

In a busy week, Jacob meets at least 15 start-ups. She sees her understanding of the Indian market and her ability to help entrepreneurs achieve the product-market fit as her strengths. Her abilities gel well with Seedfund's objective to cherry-pick companies that solve India-specific problems. For instance, redBus.in has proved that with a thorough understanding of ground realities and a ground-up business model, it can scale up in an India-only market. "While overseas investors couldn't understand how money could be made by selling bus tickets, we were excited about the idea early on," says Jacob, who prefers consumer-facing companies much more than others. It may be more risky and tough to build but the returns may be higher, she says. One of the Seedfund companies, Vaatsalya Healthcare, provides low-cost health care in semi-urban and rural areas. It has grown from three hospitals at Gadag, Hubli and Karwar, all in Karnataka, to 12 now.

Jacob does not believe in gender differences. "I have led my life not believing in gender differences. It's only a matter of social conditioning," she says. But empathy comes naturally to her. "It comes from managing multiple stakeholders at home – from in-laws to children to servants," she says.

Also, the notion of work-life balance does not bother her because she likes working with entrepreneurs and finding new investment opportunities. "To me work is not different from doing anything else," says Jacob, who has many friends and finds support in her husband, Jacob Kurian, an investor himself. He is Partner at New Silk Route Advisors, a private equity firm. Her leisure time is spent reading, going for long walks or treks. Jacob sees many success stories to chase but she is taking easy on one thing. "My daughter, Urvi, is 18 and we need not worry about her exams anymore," she says. ◆

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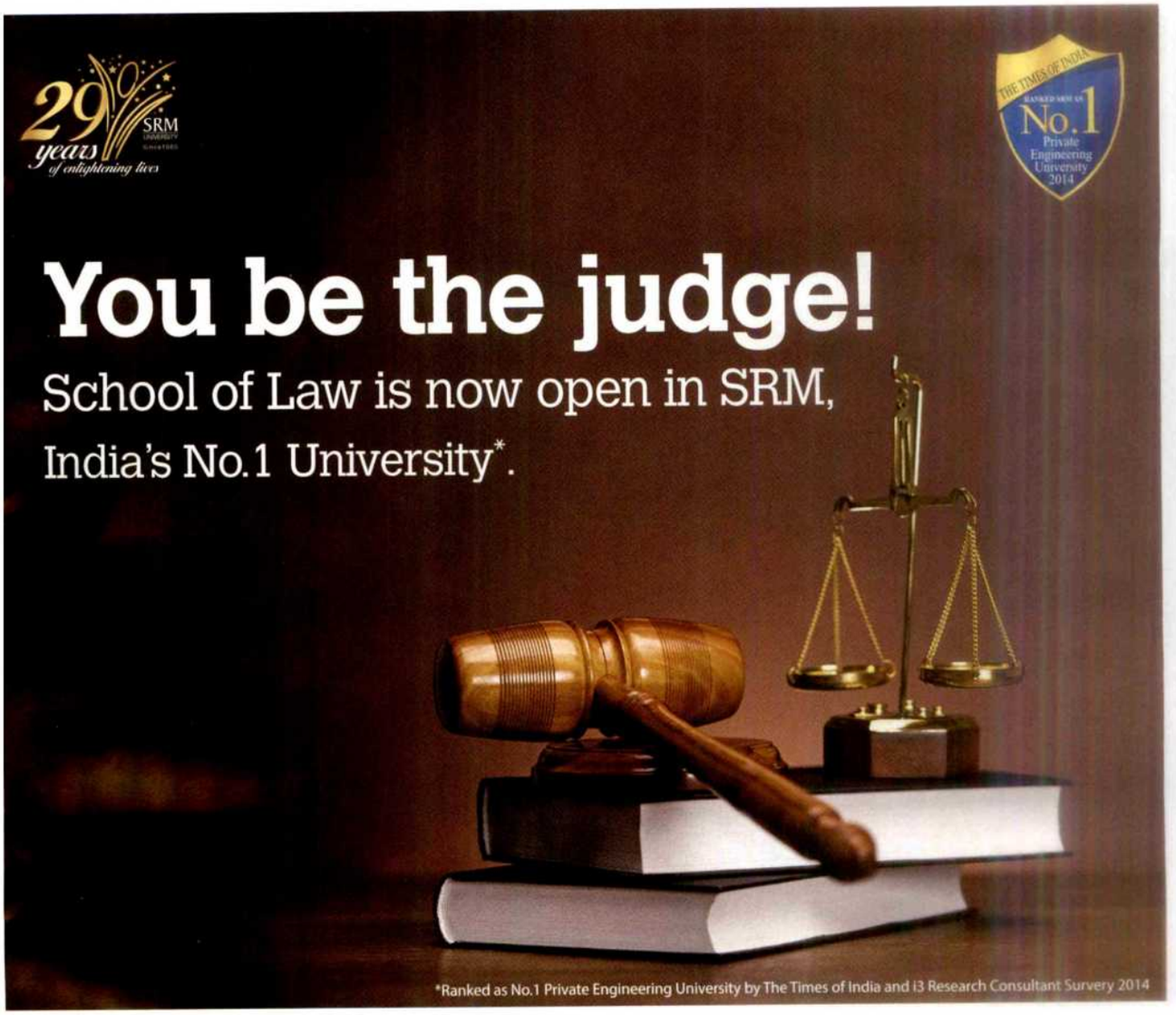

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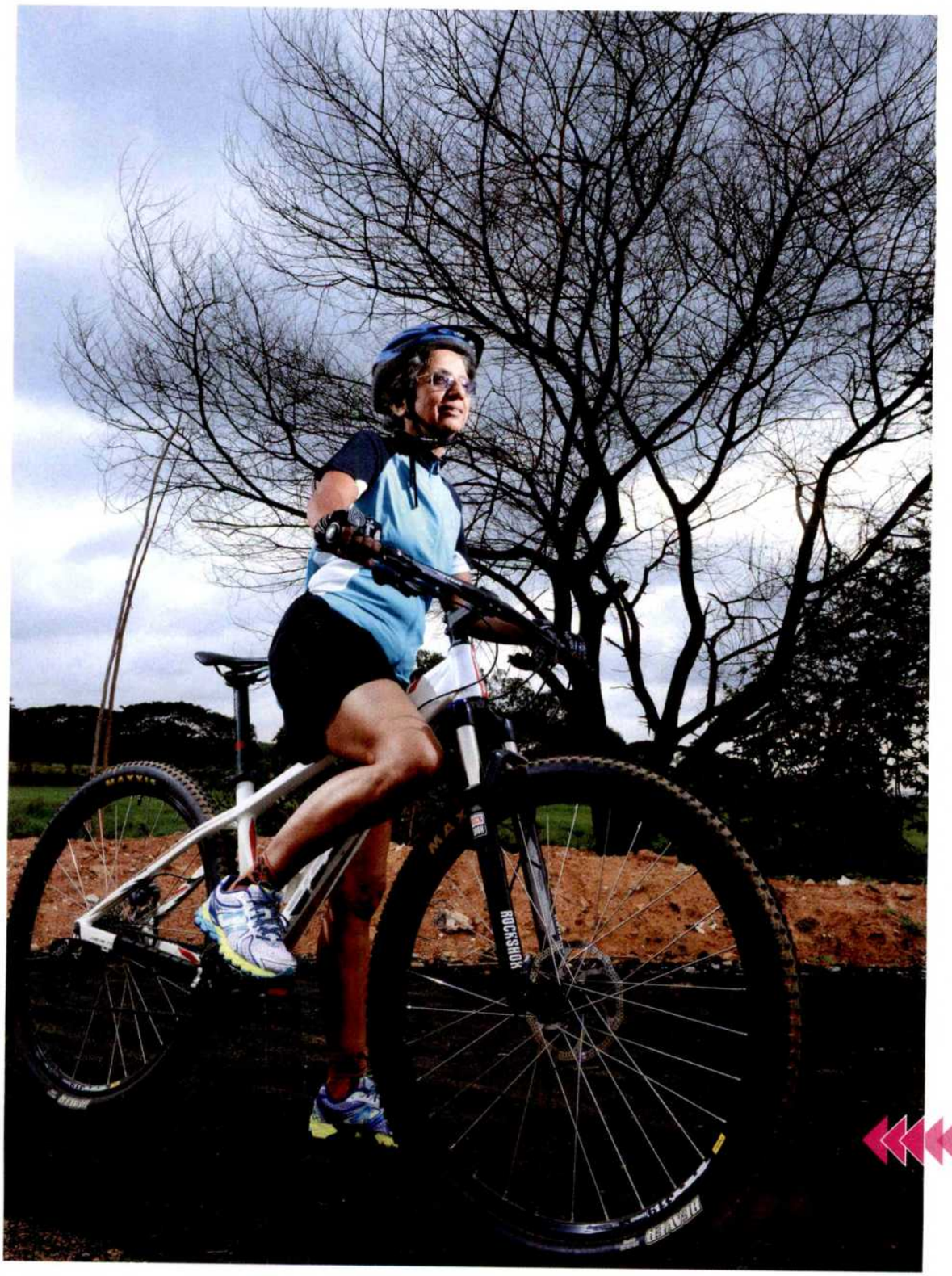

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Start-up Artiste

Rekha Menon is with Accenture but she loves to build things from scratch – even if it means breaking a bone once in a while

In 1981, for a country led by a woman – then prime minister Indira Gandhi –India had few workplaces for female business graduates. But Rekha Menon, who had opted to study masters in business administration in Jamshedpur, was not one to be hemmed in by norms. She was one of the few girls from that year's graduating class at Xavier Labour Relations Institute, now known as XLRI.

She was a gold medallist and topper of the batch, but yet could not land a job at Hindustan Lever, among the most sought-after recruiters on business school campuses. "We don't have a programme for women," the recruiters told Menon, despite her offering to pound villages selling soaps and toothpastes just like the company's salesmen.

Finally, tractor-maker Eicher "was the brave one" to hire her, says Menon, now 55. On her first day at the Eicher factory in 1983, everyone stopped working and stared at her – they were surprised to see a young woman walk into the factory full of men. "That was the place I used to take my manager's jeep to use the washroom at his house," she recalls, because there weren't any for women in the factory.

MILES TO GO: Accenture's Rekha Menon, who loves start-ups, ambiguity, and building things

Her job at Eicher and the subsequent one with Ashok Leyland, a trucks and buses manufacturer, taught Menon the merits of diversity and inclusion, and that there is a no cookie-cutter approach to challenges at work. "One needs to listen and understand the context. There is no standard solution to problems," she says. "I tried hard to fit in and not to stand out. It doesn't matter if you are a woman... if you are good at your job and you are open to learn."

Those early lessons have worked well for Menon. Today, she heads human resources for all of Accenture's growth markets – a division carved out at the end of last year to tap domestic business opportunities across the globe and a decision that could even alter Accenture's fortunes. Menon is just four months into the role and is clearly excited by the possibilities it offers her. "The end goal will be to show strong revenue growth from what is projected now, to significantly more than that," she says, holding back details.

In the past, Menon played at least two very important roles in the company – she joined Accenture in 2004 to set up the corporate function for Accenture in India. Here Menon learnt about scale and this was also her first exposure to a global organisation. Till then, Accenture was only a consultancy practice in India, and Menon set up the delivery centre and the outsourcing business started. Later, she was asked to apply what the company learnt in India to the delivery centres in the Philippines and China. Then, she headed

IT'S TIME TO RELAX: Menon (left) running in the Kaveri Trail half marathon; with her family on a holiday in Egypt

operations in India, ASEAN and Asia-Pacific delivery centres, which meant she oversaw corporate functions such as finance, marketing, legal, procurement, and real estate, among others.

Menon's career has not been one long, continuous and uni-dimensional one. Between her jobs at Eicher and Ashok Leyland, and when she joined Accenture, for 14 years, Menon had two intense stints: one, changing gears to be there with her children, and two, with start-ups. "I had to drop off. I was in a manufacturing environment – six days working in a factory environment, no creche, nothing," she says of her life with her first child. "But I stayed relevant. I did my own consulting – part-time consulting, till the kids grew up, for seven years."

Husband Vijayan Menon has another insight into how she stayed relevant: by not being an outsider (the same lesson she learnt in her first two jobs). "Her model was 'inside-looking' [even when] she worked for big companies like ExxonMobil and Levi's. She was always inside the organisation, not visiting once in a while," he says of the woman he met on the XLRI campus as his junior.

After consulting, the next seven years, Menon was at two start-ups in Bangalore – Talisma, among the first Indian product companies, and Aditi Technologies, a software services firm. Both were primed by Pradeep Singh, a manager who earned his stripes at McKinsey, Texas Instruments and Microsoft. "Being an entrepreneur requires a different DNA, it requires a lot of self belief, and ability to take risk," says Menon. And risky it was. The entire founding team of Talisma was fired, by venture capital firms who had poured some $60 million into the company.

Describing the early years of Talisma as an "intense crucible", Singh says much of the intensity at the team that built a customer relationship management software suite was from Menon. "She has the ability to build high quality, low attrition teams, which is very difficult to do in Indian organisations, and that's what makes a company," he says. He is a big admirer of her athleticism, adding with a chuckle: "She has broken her bones more than once."

In the year after Talisma, Menon dusted herself down and helped start up two not-for-profit organisations – Pratham Books and Akshara Foundation. Ashok Kamath, Chairperson of Akshara Foundation and Co-founder of Pratham Books, marvels at her passion and commitment. "She does not miss any board meetings. Somebody who travels as much as she does, to say that when I am in Bangalore I will help to deliver things and does all she promises, is a big thing," says Kamath.

Menon is also on the board of Accenture's corporate citizenship, which runs a programme called "skills to succeed" that focuses on helping people become entrepreneurs or to excel in the job. She has helped Accenture partner with Leonard Cheshire, where it helps people with disability. "We design the modules and train them to get jobs in different areas, including with us, but we can't absorb everyone," says Menon.

She might be doing a lot, but Menon says what she loves doing most is starting something up. "I love start-ups, I love ambiguity, I love building things, I am not about running which has scale, I can do it, I had to do it, but I get bored," she says. "Everytime I get bored, I do something else... that is why I am here at Accenture. [At] Accenture, every two-three years, we transform ourselves and become something else." A good match for Menon, the start-up artiste at heart. ◆

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Nisaba Godrej is the force that is keeping Godrej Consumer Products in tune with the times

Nisaba Godrej's favourite word to describe her family business is '*Antevasin*', which in Sankrit means a person who lives on the border. "It means your one foot is where you come from and the other is in the future," explains Nisaba, Executive Director at Godrej Consumer Products Ltd (GCPL). This, says the 36-year-old, comprehensively describes her company's vision, which is to be positioned as someone who has a firm grip on the modern consumer's changing needs and aspirations and at the same time also delivers the age-old Godrej values of trust and integrity.

When she says having a grip on the changing consumer needs and aspirations, she refers not just to the slate of innovations her company has come up in the consumer products segment in the past year but also how the organisation has evolved in terms of people. "When we merged Sara Lee with GCPL in 2010, we took a hard look at our portfolio, and we decided to upgrade our consumers by giving fantastic products at value-for-money pricing. The other key lever I focused on was people," she says.

The idea was to make employees high performers. There was no room for mediocrity. GCPL had also been grappling with the challenge of being perceived as a trustworthy but an "outdated" company. In order to change that perception, it was essential not just to refresh its brand portfolio but also the attitude of the people running the company. The focus on performance increased manifold. She also hired a lot of young employees in the age group of 25-30 to bring in fresh thinking. "Every employee was encouraged to think innovatively. If we promoted a person we told him or her that it wasn't a pat on the shoulder but meant pressing the speed button on the treadmill."

These steps have helped significantly. The company's revenue has doubled to ₹7,583 crore in 2013/14 from ₹3,643 crore in 2010/11. Almost 30 per cent of GCPL's revenue in the past year has come from new products. The two innovations that Nisaba is particularly proud off are GoodKnight Fast Card, a mosquito repellant priced at ₹1, and Godrej Expert Creme Hair Colour, which is packaged in ₹30 sachets. GCPL is also tapping into the premium segment. It recently rolled out a range of premium hand wash and hand sanitizers under the Protekt brand.

Vivek Gambhir, Managing Director, Godrej

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SMART STRATEGY: Nisaba Godrej says she hires people who are smarter and better than her

Consumer Products, says Nisaba is the key architect of GCPL's transformation. "She has been the ultimate visionary," says Gambhir.

Nisaba proudly says one of the reasons for GCPL's stellar growth is her ability to hire people who are smarter and better than her. Her best hire so far, she says, has been Gambhir, who joined the company in 2009 as the chief strategy officer from consulting firm Bain & Company.

A. Mahendran, former managing director at GCPL, seconds Nisaba's ability to hire the right talent. "She brought in a completely new management at Godrej Agrovet, which helped in turning the fate of that company. She turned around the loss-making Godrej Agrovet into a profitable entity in just about 18 to 24 months."

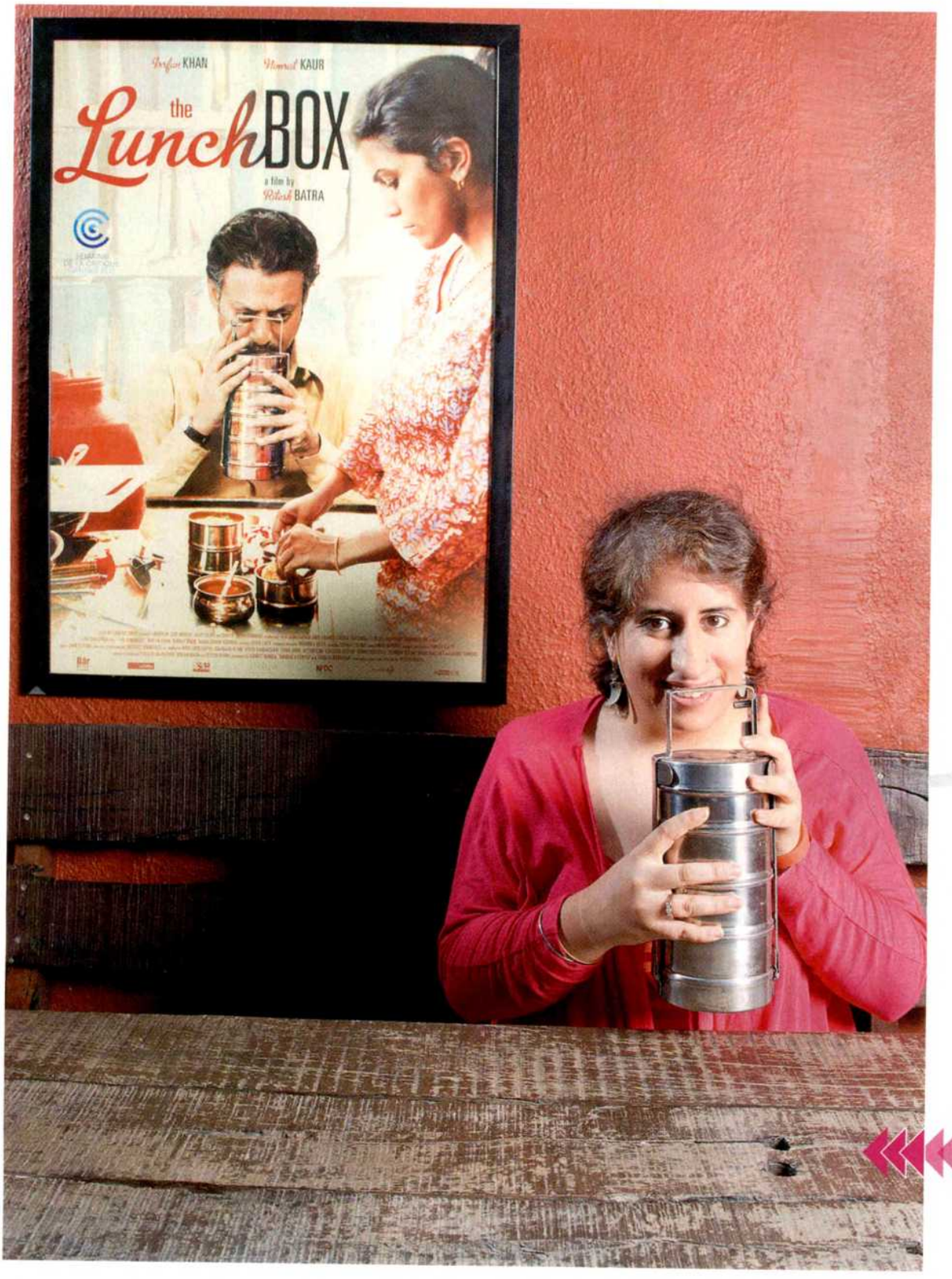
Mahendran gives Nisaba a higher score than her father Adi Godrej, Chairman, Godrej Group, when it comes to decision-making. "Nisaba is a shade better than her father when it comes to taking quick, game-changing decisions, which has helped the company to scale new heights." Nisaba had interned under Mahendran in Godrej Sara Lee, in early 2000, before she went to Harvard for her MBA.

Where does Nisaba Godrej see her company in the next few years? "We want to be 10 times our current size 10 years from now," she says. She also wants more diversity at workplace and has recently put together a team for the purpose. Currently, women comprise about 13 per cent of Godrej's workforce, but the plan is to ensure that this number goes up to at least 30 per cent in the next couple of years. "We are not even best in India and nowhere near being world class," she says. "The idea is to make the company more and more attractive for women to stay in the workforce." ◆

AJITA SHASHIDHAR

@AjitaShashidhar

Debutant/Guneet Monga



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Director's Delight

Zest for quality and bold pursuit have made Guneet Monga a much sought-after producer

s far as movie-making goes, be it for a producer or a director, none can say for sure what makes a movie hit. There is no formula or tenet to follow. And if this is the challenge, 30-year-old Guneet Monga seems to be the perfect bet. Her well-cherished desire is to take Indian cinema to the global stage more often. How she achieved it is more evident from the efforts she put into the production and marketing of movie *The Lunchbox* in 2013.

Initially when people around her in India told her that the film — an epistolary romantic one with Irrfan Khan and Nimrat Kaur in lead roles — was not meant for the youth that constitute the large chunk of moviegoers, Monga, the co-producer, was dejected. "Everybody had said that it will not even recover the marketing money and so why release it," she says.

Nevertheless, the movie, an Indo-French-German co-production, was released in September 2013. It was screened at the International Critics' Week at the 2013 Cannes Film Festival and also at the Toronto International Film Festival. It garnered ₹22 crore in India and $4.5 million in the US. The production cost was ₹9 crore to ₹10 crore. Monga says the universal appeal of the story line helped it connect with the audience and so the masses took it upon themselves to watch the movie and draw others too. For Monga, raising money for a movie is based on the story, be it *The Lunchbox*, *Monsoon Shootout* (2013) or *Gangs of Wasseypur* (2012). "There is no safety net of any actor or marketing," she says.

NEVER SAY NEVER: Monga's hard work has won her accolades from one and all in the film industry

As a producer, she has made 23 feature films, 75 short films and five documentaries, including an Oscar-nominated short-film. After her mass communications course, Monga, who hails from Delhi, initially worked as a production coordinator. She moved to Mumbai in 2006. The next year she produced *Say Salaam India*, a film that revolves around the passion for cricket. But on the day of the release, India lost in the World Cup and the film failed at box-office. But Monga took it in her stride and set out to recover the money. "It is a business deal and I told myself that if I don't recover the money then I cannot be doing this anymore," she says. So she went to schools and booked single screens across Delhi and Punjab. It all added up to 250 screenings and she recovered the money.

This is exactly what Monga does with all her films. She gives it her all and now she also has a team working for her. In her pursuit for good movies, Monga found help from many talented people in the industry and in no small measure from director-producer Anurag Kashyap. Apart

SCALING HEIGHTS: (left) Monga at Marrakech Film Festival in 2012; (top) with her *Monsoon Shootout* team at the Cannes Film Festival in 2013

from being the co-founder of Sikhya Entertainment, a film production company, she has also been the CEO of Anurag Kashyap Films Pvt Ltd. Monga joined Kashyap during the making of *That Girl in Yellow Boots* (2011). There has been no looking back since then. Together they make a great team. According to Kashyap, Monga is very dogged in what she believes and works hard for it. "She will not let it go till she has done her all. It's the film that always motivates her and she has this insatiable desire to put us on the world map," he says. For the outside world, Monga says, Indian cinema is synonymous with Bollywood. And so it's tough to convince international producers and distributors about her objectives. "For me the conversations started with *That Girl in Yellow Boots*. Then I showed them *Udaan* (2010)," she says.

Her production banner, Sikhya, has its origins in Punjabi and it expresses her ideal "keep learning, keep growing". It will be the primary banner under which films are made. Her aim is to nurture first-time directors. One of them was Bejoy Nambiar, who made his directorial debut with *Shaitan* (2011). "Had it not been for Monga and her team, *Shaitan* wouldn't have been made the way it was," he says. Nambiar, who calls Monga an 'emotional producer', says she is the go-to person for any first-time director. "She is there for filmmakers who are trying hard to do something different," says Nambiar.

But it has not been a cakewalk for Monga, especially in India. There are issues with taxation and distribution and there are few avenues to screen films in India, she says. "This at a time when there are some 40,000 screens in the US, and China is adding nine screens every day," she says. Despite all this, Monga is confident about the future of offbeat movies. For her, it is about adding value to the director's creative efforts. "I had to internalise the fact that I am responsible for taking this film far. That's how I succeeded in breaking into the international markets. My urge to take the films to places where it has not been screened has led to the non-diaspora distribution of films," she says. Over the last five years, she has showed up in every city that hosts festivals at least a month in advance to meet distributors and producers and share various films with them. "Just for them to see the films. Just to make them see what we are doing. I've always been reaching out to people. I believe unless you put yourself out there you won't find the best opportunities," she says.

The effort has so far paid off and Monga can now boast of the 'connections' she has built on her own. "I have always done things by myself and everybody I know is a personal connection," she says. With multiple screenings of films at various international forums, Monga feels that even the market for such films is fast developing. "It is about how to reach there," she says. According to her, *The Lunchbox* clicked as the international market was a bit ready to take a film from India. "The film was accessible and its content beautiful. It ticked a few more boxes than what other films did," she says.

Her heart lies in small films even as she aspires to be an international producer out of India. "For this, I want to strike a balance between making big-budget films and small ones," she says. ◆

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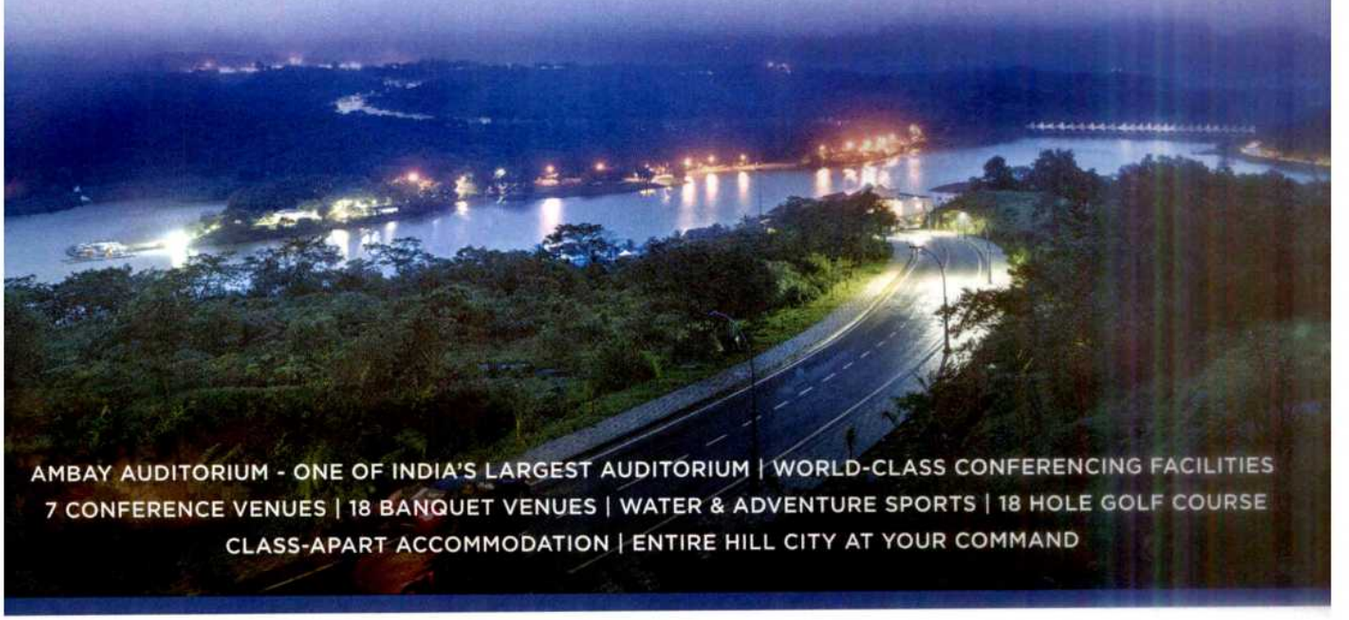

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A Healthy Affair

Sangita Singh wants to make health care a billion-dollar business for Wipro

ometime in 2005, top executives of Indian IT company Wipro – including then-CEO Suresh Vaswani – met the senior leadership of German business-software maker SAP to discuss a deal. The meeting concluded without any agreement, and Léo Apotheker, then-Head of Operations at SAP who went on to become CEO, told Wipro executives: "I don't think you get it."

This didn't go down well with Sangita Singh, now 45, who had just switched roles from being Wipro's marketing head to running the enterprise application business unit. She told Apotheker that he didn't understand Wipro. "You don't get the whole picture," she said, and asked for some time to come back with a concrete plan. It took a year before the next meeting took place. This time it was even attended by Wipro Chairman Azim Premji, a doyen of the Indian IT industry.

This time Apotheker and the SAP leadership were so impressed with the new proposal that they signed what was then the first global system integration contract, where Wipro had brought in deals worth $100 million – all thanks to Singh. "She is hard working, very dedicated, and focused. She was in-charge of the relationship between SAP and Wipro, and she grew that relationship significantly," says Apotheker, who went on to become the CEO of Hewlett-Packard after his stint with SAP.

Today, Singh, who is often called Wipro's rising star, heads the $700 million Healthcare and Life Sciences business, which contributes 11.6 per cent to the company's revenue. She plans to take it to $1 billion in the next two to three years.

Singh, however, hasn't had everything her own way. One day, in 2011, when Singh was sharing her full day's schedule with her husband, her phone rang. It was past midnight and the call was from T.K. Kurien, who had just taken over as the new Wipro CEO. He wanted her to head the health-care business, which was then a small part in Wipro's overall scheme of things. Enterprise Apps, which she was heading

SUPERWOMAN: Sangita Singh's strength lies in her ability to make a plan and also see it through execution

DEEPAK G. PAWAR

then, in fact, contributed more revenue to the company.

The first among many challenges encountered by Singh involved building a team. Singh wondered why people would join her team considering there were goliaths in health care in the form of IBM, Accenture and Cognizant. "I had to create 'Why Wipro?' for the team, for the customers. I wasn't coming from a position of strength. I was like a vagabond you see on the streets of New York," she says.

Singh travelled 21 days in a month, and practically lived out of her black Samsonite suitcase. The other two things that always accompanied her were a Sony 'Size Zero' laptop, and a Louis Vuitton purse (gifted by her team). She finally managed to build a team, and started getting big contracts, including a $440 million deal her company signed with Japan's Takeda Pharmaceutical last year.

SPECIAL MOMENTS: Sangita Singh with son Utkarsh in 1999 (left), and at a 2013 Wipro event 'All Hands Meet' in Bangalore

"Sangita's work ethic, sharp business sense, relentless pursuit of goals and her ability to spot and nurture talent makes her a key asset for Wipro," says Kurien on email.

Singh got married early, and by 1996 had her first child, a son. She once made a rather difficult decision to send her five-month-old son to her in-laws place in Patna because her office did not have a creche. At one point she almost quit Wipro and was about to join Mindtree, started by a bunch of ex-Wipro hands, but decided to stay back at Wipro for the love of the place.

Singh says to get to the position she is in now, she had to make a lot of difficult choices. One such decision was to move to New York all alone when she took up the role of heading the health-care division. "It didn't go down well with my in-laws," she says.

In 2005, when she started heading Enterprise Apps, she didn't have much of an option. "I was a rookie and I absorbed (things) and that has worked for me." Enterprise Apps was something Wipro wasn't good at. It was a business best run only by consultants from companies such as PricewaterhouseCoopers and Ernst & Young then.

"Wipro wasn't in the top consideration list of companies in the enterprise app space," says Singh. Worse, her team wasn't willing to accept her as a boss. "I wasn't a very pleasant person to work with. I was leading people who were leading their domain. I had to work hard to win their respect."

For Lakshminarayana, Chief Endowment Officer at Azim Premji Foundation, who has known Singh ever since she began her career, she is, perhaps, the best reviewer the company has. "She [Singh] looks into minute details – which customer, which project, which resource – and she learnt all that very fast." Singh agrees, saying that one of her strengths is the ability to make a plan and execute it.

There are, however, things that even Singh needs to work on. She is, for instance, trying to manage her time better. She also wants to be less emotional. "Things don't affect me, but affect people around me. I can throw a fit," she sums up. ◆

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Pushing the Envelope

Prabha Parameswaran continues to innovate and make her company grow

Dynamic, live wire and vibrant are the words that aptly describe Colgate-Palmolive India's Managing Director Prabha Parameswaran, says R.A. Shah, Vice Chairman and Independent Director on the company's board.

The consumer-goods maker has seen intense competition over the past year with Procter & Gamble (P&G) entering the oral-care market in India and traditional rival Hindustan Unilever – with brands such as Pepsodent and CloseUp – upping its ante. With a 54.1 per cent market share in 2012, Colgate didn't have to worry too much about the competition, but the word complacency doesn't exist in Parameswaran's dictionary. "Innovation, research and new technology became her buzzwords and she flooded the market with a slew of innovative products," says Shah. Parameswaran was not available for an interview.

He recollects how Parameswaran, now in her mid-40s, got her team to demonstrate to the board members Colgate Visible White Toothpaste, which promises one shade whiter teeth in one week. "I first thought it was a marketing gimmick, but when the demonstration proved the claim, I was convinced that this company never makes tall claims."

The company has recently launched products such as a toothpaste that promises to reduce harmful sugar acids in plaque before they attack the tooth enamel. Parameswaran has also rolled out the charcoal toothbrush from its global portfolio. This product is known to be inspired by the Chinese belief in charcoal containing antibacterial benefits.

Parameswaran, who has been with Colgate since 1995, has also worked in markets such as Mexico, before she took over as MD of Colgate's India operations in 2012. "Prabha's tenure has seen the stiffest competition for Colgate, with the entry of P&G [in the oral-care segment]. However, the way she has responded to competition speaks volumes of Prabha's skills," says Abneesh Roy, Associate Director, Institutional Equities (Research), Edelweiss Securities. "By flooding the market with new products, she has succeeded in confusing the consumers, who don't see any reason for buying a P&G or any other oral-care product," he adds, calling Parameswaran a marketing whizkid.

In the last one year, Colgate-Palmolive's market share in toothpastes and toothbrushes has gone up, from 54.1 to 57.1 per cent, and 41.3 to 42.1 per cent, respectively. The company's revenue has grown from ₹3,224 crore in 2012/13 to ₹3,757 crore in 2013/14.

According to Shah, Parameswaran has been able to carpet bomb the oral-care market with new products because it is still underpenetrated and has ample scope for growth. "Prabha has used it to her advantage," he says. ◆

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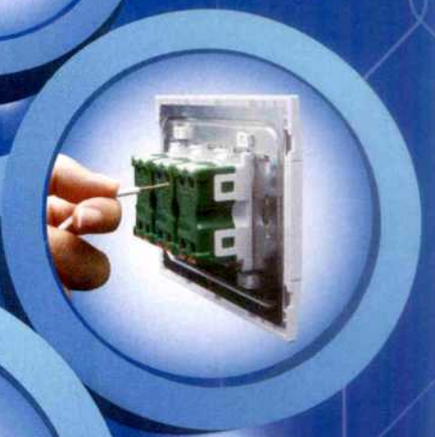

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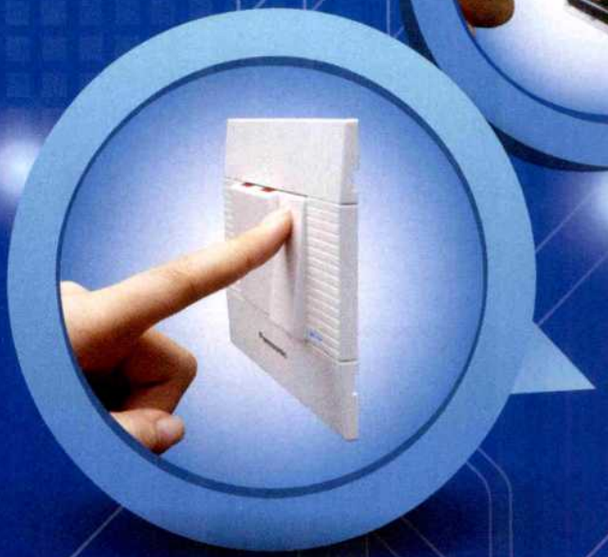

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Content's Czarina

That is how Ekta Kapoor straddles the two worlds of TV and cinema

Last year, Ekta Kapoor attended a three-week-long Owners/President Management programme at Harvard University. The course is designed for family-run businesses. It taught Kapoor, Joint MD and Creative Director at Balaji Telefilms, an important lesson – a family business must professionalise to survive in the long run. "Case studies after case studies taught us the importance of a professional board so that your company doesn't look like a completely whimsical, promoter-led one," says Kapoor.

Soon after, Kapoor set up an advisory council that included Sameer Nair, former CEO of Star India, and Manish Chokhani, Chairman, TPG Growth India. The panel recommended she appoint a professional as CEO to run the production house. She convinced Nair to join as she knew him well and he understood the media industry. To be sure, Kapoor had earlier got in professionals to run the company. Puneet Kinra, a former PricewaterhouseCoopers partner, had joined Balaji as CEO in 2008 before leaving in 2012. But she says she has never been as serious about professionalising Balaji as she is now.

CHILDHOOD MEMORIES: Ekta Kapoor with dad Jeetendra and brother Tusshar

Kapoor is ringing in another change. The past year has seen Balaji producing some contemporary TV shows such as *Yeh Hai Mohabbatein* (based on the novel *Custody*) and historical shows such as *Jodha Akbar*. TV shows will remain Balaji's mainstay, she says. "TV keeps the business financially buoyant, gives us profitability," she says. Balaji has six TV shows on air and about 30 to 35 per cent of its revenue comes from them. But while TV shows will keep her cash register ringing, she says she needs films to build assets by creating intellectual property.

FIXING PRIORITIES: Ekta Kapoor says TV will remain her mainstay but films are important too

A lot has changed since Kapoor began her career in the 1990s. A decade ago, she virtually had a monopoly in the content creation business, but today there are many competitors. How is she coping? "By trying to make our content better, having a great talent pool, we have tried to scale up on volume to make up the same numbers."

Nair says Kapoor and Balaji are all set to take the next big leap. "Ekta has always been a great story-teller and now she even recognises the need to change," he says. Vikram Malhotra, who was earlier COO at Balaji and now runs his own production house Abunduntia Entertainment, concurs. "Balaji already has an inherent advantage to create great content," he says. "By adding strategy bandwidth in terms of hiring Nair, Ekta is defining the next growth stage at Balaji." ◆

AJITA SHASHIDHAR

@AjitaShashidhar

RACHIT GOSWAMI/WWW.INDIATODAYIMAGES.COM

Her Own Woman

Chiki Sarkar decided not to join her family-run media business and made her mark in publishing

It's important to find your own place in the world," says Chiki Sarkar, the 37-year-old Publisher of Penguin Random House (PRH) in India. The daughter of Aveek Sarkar, the promoter of the media group ABP, she believes it was 'extremely' important for her to carve out a career independent of her father's business.

Sarkar already has plenty of feathers in her cap. She was educated at Oxford University after finishing her schooling in Kolkata and worked at London's Bloomsbury Publishing for seven years. In 2006, she returned to India and joined Random House India in Delhi as its first editor in chief. She moved to Penguin Books India in 2011, as its publisher.

PRH, the largest trade publisher globally, came into being in July 2013 with the merger of Penguin Books and Random House. Sarkar took charge of PRH India from April 2014.

Sarkar was instrumental in publishing the works of several celebrated writers, including Amitav Ghosh, Arundhati Roy, Vikram Seth, Suketu Mehta and Vikram Chandra. But Sarkar thinks it is still too early to call herself successful. "I don't see myself as successful or unsuccessful. I think of myself as someone who either did her job well or didn't".

Sarkar, who began her career in London, says there is a big difference between the publishing industry in India and the UK. Indian editors aren't dependent on agents to find books, she points out. "So we are always generating book ideas in-house, approaching people, and sniffing around for new books. The publishing culture in India as a result is much more risk and ideas-oriented," says Sarkar. However, the Indian publishing industry is not highly profitable and most business models are predicated on average sales of 2,000 to 3,000 copies. "It is not the best model and starting next year, we're actively trying to change that but it will be a challenge".

Sarkar says her core job has remained the same over the years. "I am an editor who finds, edits and publishes books and promotes the writers I believe in. I commission and look after 20 books a year just as my other editors do".

Sarkar looks back at the last year with a sense of satisfaction. "We did a number of great books, including Sanjaya Baru's *The Accidental Prime Minister* and Devdutt Pattanaik's *Sita*". These days she is busy editing a book on the Aarushi murder case and is also putting final touches on the publicity campaign for Naseeruddin Shah's memoir.

BUILDING A NEW IDENTITY: Chiki Sarkar has published the works of several celebrated writers

Urvashi Butalia, publisher of Zubaan Books, says that Sarkar is a bright, intelligent and competent businesswoman who has moved up the ladder fast in her profession. "She makes a good choice of books. It is a sound combination of books that have a mass appeal and those that are literary in nature."

AJAY MODI

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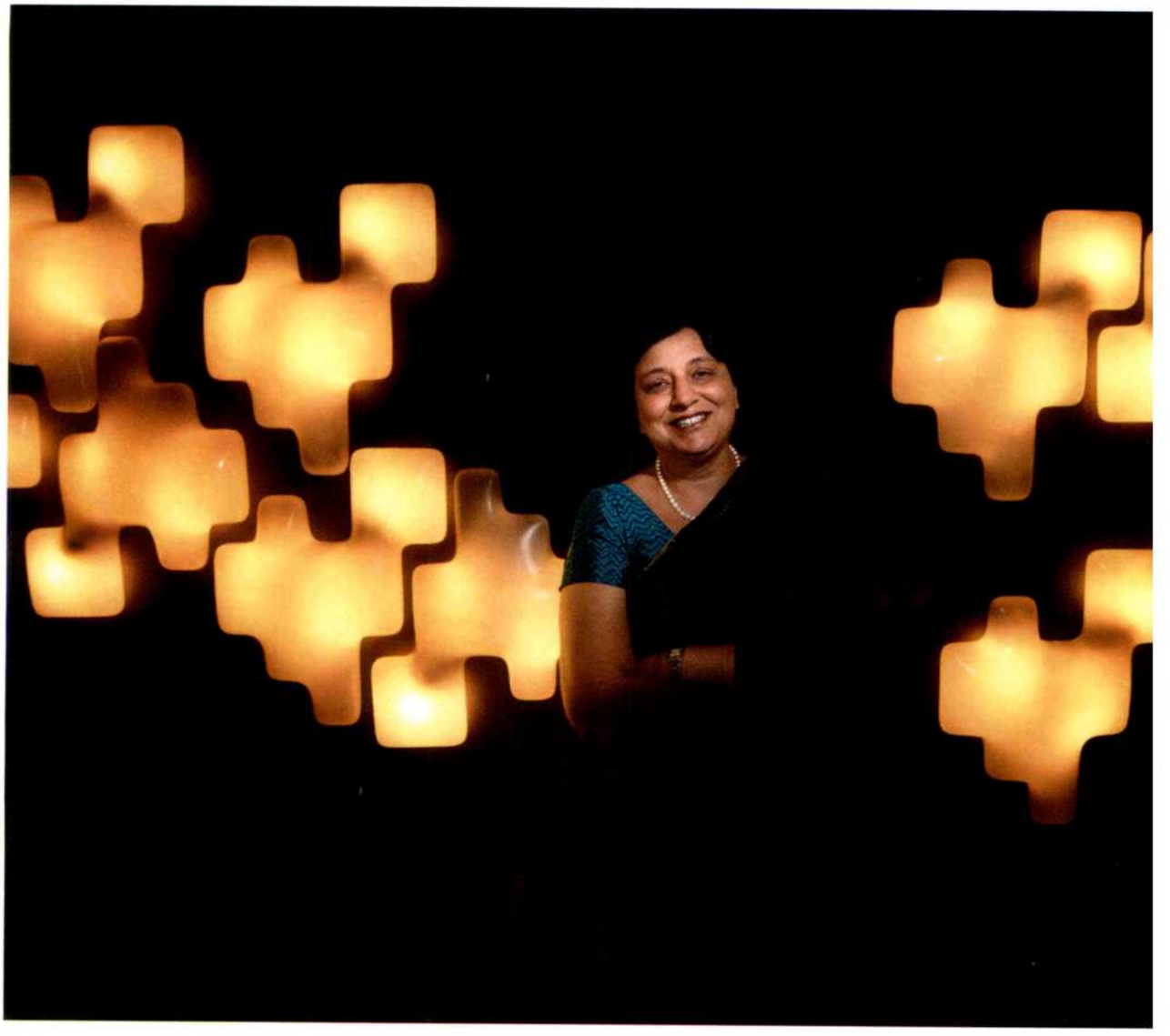
SHEKHAR GHOSH/www.indiatodayimages.com

Back in the Reckoning

Neelam Dhawan has made HP India's top PC vendor again. She is now aiming higher



VIVAN MEHRA/www.indiatodayimages.com

A string of pearls adorns Neelam Dhawan's neckline and diamonds sparkle on her fingers and in her ears. "I wear all I have," says the Managing Director at Hewlett-Packard India. "I am not the one who stores them in the locker."

Be it wearing jewellery or making more important decisions, Dhawan believes in using the opportunities that come her way in the best possible manner. It was in 1983 that Dhawan, now 54, finished her MBA and joined HCL. Her other choices included "selling soaps or software, or join a bank". Hindustan Unilever and Asian Paints did not hire her because, well, they thought women were not suitable for market-facing roles.

A lot has changed since then. The Indian IT industry, worth about $100 million then, is now worth $110 billion. HP has transitioned from a PC maker into an IT solutions company. It was once the country's No.1 PC maker, but lost its mojo and fell behind. It clawed its way back in December 2012 when it bagged a deal to supply notebooks to students in Uttar Pradesh. Says Dhawan: "We had lost leadership in India and then we had eight to nine quarters of straight leadership."

Other than PCs and notebooks, HP provides IT solutions to companies. She would not talk about it due to confidentiality issues, but one of Dhawan's proud achievements is a contract with India Post to connect 28,000 offices.

The past three decades include many instances of an excellent career. In 1986, she helped launch the first affordable PC called the HCL BusyBee. At a time when no one put up hoardings and gave print ads for PCs, Dhawan did. (The PCs were then priced between ₹20,000 and ₹40,000.) It was also the year she bought her first car, a blue Maruti 800, for ₹76,000.

In the 1990s, nobody knew of distribution channels. Dhawan, who was with IBM then, set up India's first channel network for Tier-II towns, to sell IBM machines. In 1999, she joined HP. The new century was the services era. She got HP its first two outsourcing contracts in 2003. Then, in 2005, she joined Microsoft India as its managing director, and became the face of the brand in the country. In 2008, she returned to HP to head its India business.

HERE'S LOOKING TO A BRIGHT FUTURE: Neelam Dhawan at her office in Delhi

Ravi Venkatesan, former chairman at Microsoft India and Dhawan's one-time colleague, recalls sharing the stage with her in 2007 when she had led India to win the best subsidiary award amongst all Microsoft subsidiaries. "Neelam has been a remarkably successful business professional. She is probably one of the finest sales leaders in the country. She builds very robust relationships with customers. She likes winning," he says.

While career is important to her, equally important is her family – a supportive husband, who is a partner at consultancy and audit firm Deloitte, and two children. When her first child was born in 1989 – she was in the US then, helping set up HCL America – she took just 10 days off. She worked from home most of the time as Shiv Nadar, HCL's Founder, allowed her to do so. She would often take her daughter to work, because she could not find a babysitter. And then she was pregnant with her second child. "My colleagues thought, who is this obviously pregnant woman who is continuously pushing us," says Dhawan. "The moment you tell yourself that your family and career are equal, you will make time for both."

BONDING TIME: Neelam Dhawan with her mother-in-law Noshi Dhawan in a recent photo

She now wants to concentrate on large and transformational projects. She talks of the HP VideoBook, where a company team looked at the CBSE curriculum and created digital content around videos, articles and other reference material, using the Internet and cloud technology. Already, five lakh students are using this.

Dhawan believes there is a lot more that HP can do. "I still think we are in a phase where many new solutions are being discussed." ◆

SUNNY SEN

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The Most Powerful Women In Indian Business

Repeat Winners

IN HIGH SPIRITS

VINITA GUPTA, 45, CEO, LUPIN

She took over the reins of Lupin in September 2013 and is now working towards achieving the Mumbai pharma company's projected revenue target of $5 billion by 2018. "My lens changed from regional to a global one from the business perspective," says Vinita Gupta, who has played a major role in establishing her company's presence in the US, the world's largest market for medicines.

Besides building a good team, she is also focusing on strategic expansion in Europe and Latin America. The two regions fall much behind the US, India and Japan, Lupin's primary markets. Talking about the company's acquisitions in the Netherlands and Mexico, Gupta says: "It was a lot of execution on a strategic plan." She has now brought in an executive who earlier worked with Israel's Teva Pharma and holds expertise in handling the European region. She also hired an expert on mergers and acquisitions, another major focus area for the company.

Gupta credits her father Desh Bandhu Gupta, Lupin's Founder and Chairman, for the entrepreneurial spirit that she so strongly demonstrates. "That is what drove me to move to the US and build the business in a region that had turned out to be very lucrative for the company," she says.

ARPITA MUKHERJEE

RACHIT GOSWAMI

GREAT LEARNINGS

ROOPA KUDVA, 50, MD & CEO, CRISIL

For Roopa Kudva, who heads a male-dominated board at ratings firm CRISIL, 2013/14 was a year of great learnings. "It was a satisfying year overall because of the way we surmounted the challenges," she added. Her people-first approach saw the rollout of coaching, mentoring and leadership development initiatives. CRISIL's businesses were encouraged to deliver analyses, such as the 'State of the Nation' report, a first-of-its-kind effort to provide insights into key trends in the economy, sectors and companies. Then 'Inclusix', India's first index that objectively measures financial inclusion all the way to the district level, was launched. Mumbai-based CRISIL also took on a bolder new logo, signifying a young, able, ambitious, system-driven and relevant organisation.

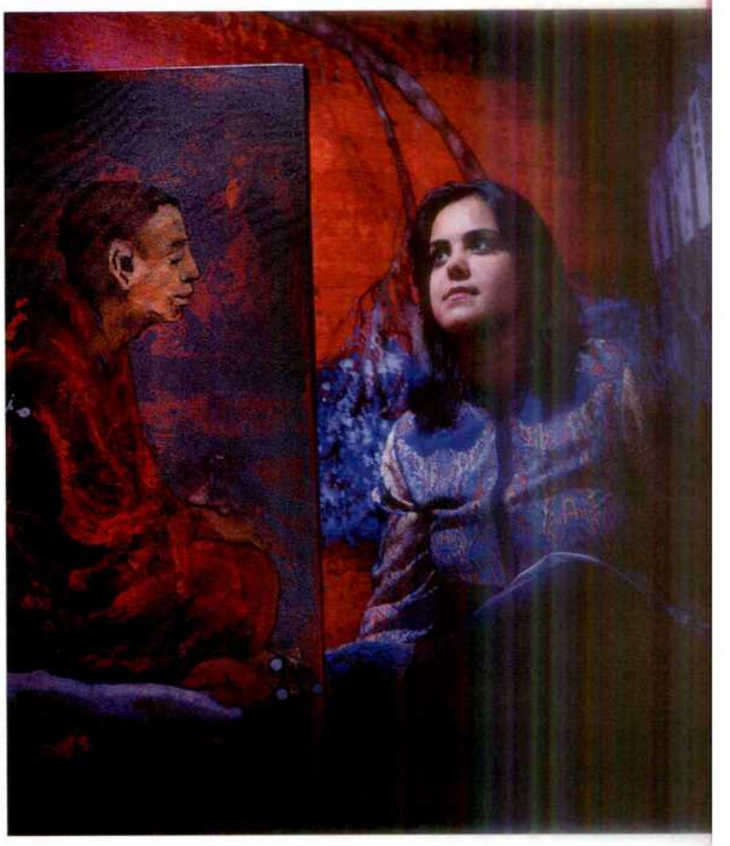
SUPROTIP GHOSH

FOR ART'S SAKE

NEHA KIRPAL, 34, FOUNDER, INDIA ART FAIR

Even her competitors agree that Neha Kirpal is a key motivational force behind the revival of the art market in the country. "She has got the art fraternity together, national as well as international, which is commendable," says Ria Gandhi, an investment banker who recently acquired United Art Fair. Despite tough market conditions, the India Art Fair recorded 30 per cent growth in 2013/14. The annual event had 100,000 visitors in the last three consecutive years. "During the first two hours on four days, the exhibitors sold more than what they did in the last two years together. All the art galleries did very well and the turnover overshot my expectation. In the 2014 fair, 96 per cent of exhibitors reported good sales," said Kirpal, who started the India Art Fair in 2008. Kirpal, who has a two-year-old toddler, also revealed that "this year, for the first time, Indian collectors will go to China during October or November".

ARUNIMA MISHRA



VIVAN MEHRA

LEADING THE WAY

NISHI VASUDEVA, 58, CMD, HINDUSTAN PETROLEUM

When Nishi Vasudeva took charge of Hindustan Petroleum (HPCL) in March 2014, she became the first woman in India, and one of the very few globally, to head an oil PSU. "I believe that (as a woman) if your job requires transfers, travels and long working hours, be ready. I always told them (her female colleagues) to be part of the group (mingle more with male counterparts), and not expect special treatment. Now when I see the younger generation, I don't have to tell them. They already belong to the lot and are very ambitious," says Vasudeva. In her previous assignment as HPCL's Marketing Director, she pushed the company's lubricant business. It was, in fact, under her leadership that HPCL became India's second-biggest player. Known for pushing technology and processes, Vasudeva's focus now is to reduce the cost. "The oil prices are regulated. The best way to improve the bottom line is to reduce the cost, and we are trying to cut every rupee possible." This may be done by introducing technology, diversifying crude sources or improving marketing strategies.

ANILESH S. MAHAJAN

SHEKHAR GHOSH

Repeat Winners

SHEKHAR GHOSH

NUMBERS GAME

KAKU NAKHATE, 48, PRESIDENT & COUNTRY HEAD, BANK OF AMERICA MERRILL LYNCH

Last year may have been a difficult one for the economy, but Kaku Nakhate ensured that her company escaped unscathed. She focused on the best clients and the best deals, including Diageo's acquisition of United Spirits and the Jet-Etihad deal. While the bank isn't willing to share country-specific numbers, there are no signs of slowing down if last year's marquee deals are anything to go by. And Nakhate says the reason is her stubborn refusal to do deals that don't pay well enough. "The reason why we have been able to push our profits is because we kept a hawk's eye on the numbers," she says.

SUPROTIP GHOSH

SHEKHAR GHOSH

HIGH-FLYER

ARUNA JAYANTHI, 50, CEO, CAPGEMINI INDIA

Under her, Capgemini India's domestic business grew 35 per cent last year. "But that's a very small part of what we do in India," says Aruna Jayanthi. A large part of the operations is the outsourcing part. she says. "We do more work for global clients out of India." The leading French IT and consultancy firm's India headcount also crossed 50,000. Six months ago Jayanthi picked up a new challenge to make Capgemini the best-in-class offshore business player. "That's taking half of my time," she says. Jayanthi is also the chairperson for Capgemini's Swedish business since last year.

SUNNY SEN

RACHIT GOSWAMI

LAW AND BEHOLD

PALLAVI SHROFF, 58, SENIOR PARTNER, AMARCHAND & MANGALDAS/SURESH A. SHROFF & CO.

She is busy mentoring junior partners at the country's biggest law firm. In February 2014, Pallavi Shroff's team managed to get a stay on the Competition Commission of India (CCI) order that levied a ₹1,773 crore penalty on Coal India for allegedly abusing its dominant position. This was CCI's first order against a PSU and the largest fine imposed on a single entity. Last year, her team had also got a stay on the CCI order imposing a ₹6,300 crore penalty on 10 cement companies for alleged cartelisation in pricing. Shroff also got a stay on the CCI's probe into alleged cartelisation by Indian Oil, Bharat Petroleum and Hindustan Petroleum in fixing petrol prices. She now wants to see more women in her law firm. "The beauty of being a woman is that you get to play different roles. It is fun to be a wife, mother, grandmother, professional and leader."

AJAY MODI

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STOCK STAR

CHITRA RAMKRISHNA, 51, CEO & MD, NSE

RACHIT GOSWAMI

In 1994, she was one of five people handpicked to start the National Stock Exchange (NSE). More than two decades later, on April 1, 2013, Chitra Ramkrishna became the third person, and most importantly the first woman, to head India's largest stock exchange. When she took charge of the NSE, there were fears she would face strong resistance from the newest stock exchange MCX-SX, promoted by Jignesh Shah. But Shah's arrest on the back of the National Spot Exchange Ltd fiasco has seen NSE maintaining its monopoly, with the BSE still struggling to bring back investors as well as volumes in its derivative segments. With the home turf being well guarded, some say her next target would be an overseas acquisition.

MAHESH NAYAK

STRATEGIC ROLE

ZARIN DARUWALA, 49, PRESIDENT, WHOLESALE BANKING, ICICI BANK

Corporate and wholesale banking has had a rough ride lately, but that doesn't mean Zarin Daruwala had any less work. Her role has, in fact, expanded and become more strategic than before, when she was mostly discussing finance with company promoters. "Lot of heavy engagements with lots of promoters on strategic directions," as Daruwala puts it. Today, promoters are consulting her on whether they should keep or sell businesses. "She has a very good understanding and grasp and I often turn to her for advice," says Sanjiv Goenka, Chairman, RP-Sanjiv Goenka Group. "She always very quickly works out practical and down-to-earth solutions, which are easy to implement."

SUPROTIP GHOSH

BANKING ON HER

SHANTI EKAMBARAM, 51, PRESIDENT, CORPORATE & INVESTMENT BANKING, KOTAK MAHINDRA BANK

For most banks lending to companies, 2013/14 was quite bad. Kotak Investment Bank (KIB) was an exception, though. Shanti Ekambaram helped KIB make 17 deals worth $2.7 billion (₹16,135 crore). By December 2014, however, equity markets were on an upswing and KIB had already started preparing on the expectation that India will look progressively better. "We structured the team, invested in products and distribution, participated in the deals in the market, laid the groundwork," says Ekambaram. Akhil Gupta, Vice Chairman, Bharti Enterprises, attributes Kotak's success to Ekambaram's abilities. "Her leadership style, firm decision-making, being demanding on herself and her team, and being very effective and motivational with her persuasive soft skills has helped resolve very complicated situations with ease and flair." ◆

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RACHIT GOSWAMI

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The Top League

A look at what the 13 women in *BT*'s elite list have been up to recently.

By TEAM *BT*

KIRAN MAZUMDAR-SHAW
CMD, Biocon Ltd

In January, her company's partnership with Mylan helped launch a biosimilar and a targeted therapy to treat certain types of breast cancers in India, a first of its kind in the world. In June, she became the fourth Indian to be awarded the Global Economy Prize for Business by the Kiel Institute for the World Economy in Germany.

ZIA MODY
Managing Partner, AZB & Partners

She has been called "an institution in herself" by Chambers and Partners. Mergermarket ranked Mody's law firm as the most active Indian legal advisor by volume for 2013. In the first quarter of 2014, AZB & Partners has already helped facilitate deals worth over a billion dollars.

NAINA LAL KIDWAI
Country Head, HSBC India

She was earlier heading only banking operations of HSBC India. Today, she has a much larger role, heading HSBC's entire Indian operations, which include banking, insurance, asset management, securities, BPO, etc. Kidwai was also the first woman president of industry lobby group FICCI till December 2013.

RENU SUD KARNAD
MD, HDFC

Under her leadership, the company reported a net profit of ₹544 crore in FY14, up 12 per cent from the previous year. She is also among the highest paid women heads of a company with a compensation of ₹7.16 crore during FY14.

MALLIKA SRINIVASAN
Chairman & CEO, TAFE Ltd

She is petite and soft-spoken, but her strong will and incisive mind helped transform her company from a regional (Indian) tractor maker to the world's third-largest (in volume).

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The Most Powerful Women In Indian Business

Hall of Fame

CHANDA KOCHHAR
MD & CEO, ICICI Bank Ltd

Under her stewardship, the ICICI Group crossed the ₹10,000 crore net profit mark in 2013/14 and is clearly back on the growth path. Now Kochhar, who has got a three-year extension, is not averse to inorganic growth.

SWATI PIRAMAL
Vice Chairperson, Piramal Enterprises

For this medical doctor by training, 2013/14 ended on a big high when Piramal Imaging received the approval of the European Commission and the USFDA for its Alzheimer's tracer, something Piramal feels "has never been done before in India".

PREETHA REDDY
Executive Vice Chairperson, Apollo Hospitals Enterprise

She was the MD until recently when her father Prathap C. Reddy announced new designations and roles for his four daughters. He has always maintained that his eldest daughter Preetha, 57, will be his successor. Though not a medical doctor like her father, what may work for Preetha is her approach to work with the doctors rather than leading them.

KALPANA MORPARIA
CEO, JPMorgan India

Besides heading the Indian operations of the leading US player in investment banking, asset management, treasury services, etc., Morparia is also a member of JPMorgan's New York-based global strategy team and the Asia Pacific Executive Committee.

VINITA BALI
Former MD, Britannia Industries

She may have left Britannia Industries after a nine-year stint in March, but Bali continues to be a Board member on other Wadia Group companies – Bombay Dyeing and GoAir. As the head of Britannia Nutrition Foundation, Bali intends to spenda a lot of time working on the UN's nutrition programme.

SHIKHA SHARMA
MD & CEO, Axis Bank

Her bank recorded a billion dollars in net profit for the first time in March 2014. Sharma has been taking big bets in retail as well as infrastructure. She has also managed to maintain good asset quality, with net NPAs at 0.40 per cent.

RENUKA RAMNATH
MD & CEO, Multiples Alternate Asset Management

Having led ICICI Venture for close to a decade, her maiden entrepreneurial investment venture, which was set up in 2009, is a reflection of her work life ethos: no shortcuts and no compromise of long-term prospects for quick wins.

SHOBHANA BHARTIA
Chairperson, HT Media

She led her company to a net profit of ₹155 crore in FY14 against ₹24 crore the year before. In July 2013, she won the Delhi Women of the Decade Achievers Award for her contribution to nation-building through the media. ◆

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EMERGING TREND IN BILATERAL RELATIONS IN CPSEs – NEEPCO'S IR INTERVENTIONS IN A CHANGED PERSPECTIVE

"We have been evolving as a matured and competent leading group of trade unions demonstrating our capabilities over three decades of our existence as an internal stakeholders of NEEPCO with in-built capacity to lead and take independent decisions in safeguarding the interest of employees", the apex leaders of three trade unions said in one voice in the first meeting of the integrated national bipartite forum of Unions and Management called NEEPCO National Bipartite Committee (NNBC) constituted recently in Shillong.

SATYABRATA BORGOHAIN
Director (Personnel)
NEEPCO Ltd.

The distinctive characteristic of the forum is that there is no external trade union leader, unlike other such forums in CPSEs, neither central nor state level. All the three unions spearheading their respective unions have enthusiastically responded to the call of the management for formation of a sole bipartite participative forum under one umbrella. Over the years, these trade unions have emerged as self – reliant & confident leaders in espousing the cause of employees. In the initial stage of their existence, there was only one bargaining agent which eventually proliferated into three separate independent entities (in the name of Workers Union, Employees Union & the Labour Union)

NEEPCO, a CPSE embarked upon setting up & maintenance of Hydro, Thermal, Wind and Solar power in NER & currently expanding its business to other states in India, continued with its earlier system of holding meetings with all the unions separately. The management representatives consisted of CMD & all functional Directors including a group of HR & Finance personnel participated in the meeting periodically. Each meeting was attended by 20 or more numbers of union representatives. The management took up agenda points with all the three registered union separately although these issues are similar. Since views of unions on similar matter differed from union to union, it was difficult to arrive at a consensus. This resulted in delays in implementation of policies & guidelines. It was also difficult for management to hold frequent meetings with all the registered unions from time to time. This had resulted in slow pace of decision making process and also hampered smooth flow of information.

Now, the newly constituted NNBC consists of only 12 members (4 from each union) and the meeting is chaired by Director (Personnel) and one each management representative from Finance, Technical and HR only Another striking change is about the decision of NNBC that only few major issues of concern will be taken up for discussion in one meeting as against the earlier practice of raising twenty or more issues in each meeting . As NNBC is the apex level forum of the Corporate Centre, project level committees have also been created in the name of NEEPCO Project Bipartite Committee (NPBC) to discuss local issues with project management in their respective project bipartite committee & bring out larger issues for discussion in national level committee. This process of transformation was brought about through a continuous flow of consultation, clear shared vision with union leaders & accordingly change programme was planned & implemented within a period of six months. In accordance with the practices followed in CPSEs for collective bargaining and in line with ILO's tripartite declaration of principles on enterprises and social policy, to ensure labour & social standard with emphasis on Industrial Relations, all the unions agreed to curve out a bilateral forum with the following mandate:

- **Effective collective bargaining interventions & harmonious industrial relations scenario maintaining solidarity amongst all unions.**
- **Regular discussions on matter of concern and actions as mutually agreed upon.**
- **Ameliorate the living and working conditions.**
- **Wages & Benefits on par with Industry standards.**
- **Facilitate business practices to maintain efficiency & standards keeping in view ethical perspective.**
- **Respect for basic human rights of employees in workmen & unionized supervisory categories.**
- **Collective decision-making on policy matters concerning all employees and collective responsibility of the forum.**

The significance for creation of such a forum is felt by one & all present in the first meeting of the bipartite committee. Union leaders expressed that it was high time the forum came into being in order to involve employee's representatives in decision making process on matters concerning the well-being & greater interest of all employees.

It is indeed a platform for sensitizing key stakeholders in collective reasoning & conscience ensuring workers participation & involvement, their qualitative contribution in facilitating & actualizing Strategic Human Capital Engagement (SHCE) in the organization. It is indeed an evolutionary process of creating mutual values understanding the distributive economic role and the need for institutionalization of workplace innovation.

"It is indeed the beginning of a new era in industrial relations history of the organization. We will all join hands in promoting industrial peace and harmony, amity, mutual understanding & solidarity amongst different Groups of employees in NEEPCO ", one of the apex level leader associated with the union for several decades said in his address in the meeting.

Lighting the lamp by all NNBC members

First Meeting of NNBC held on 31/7/14

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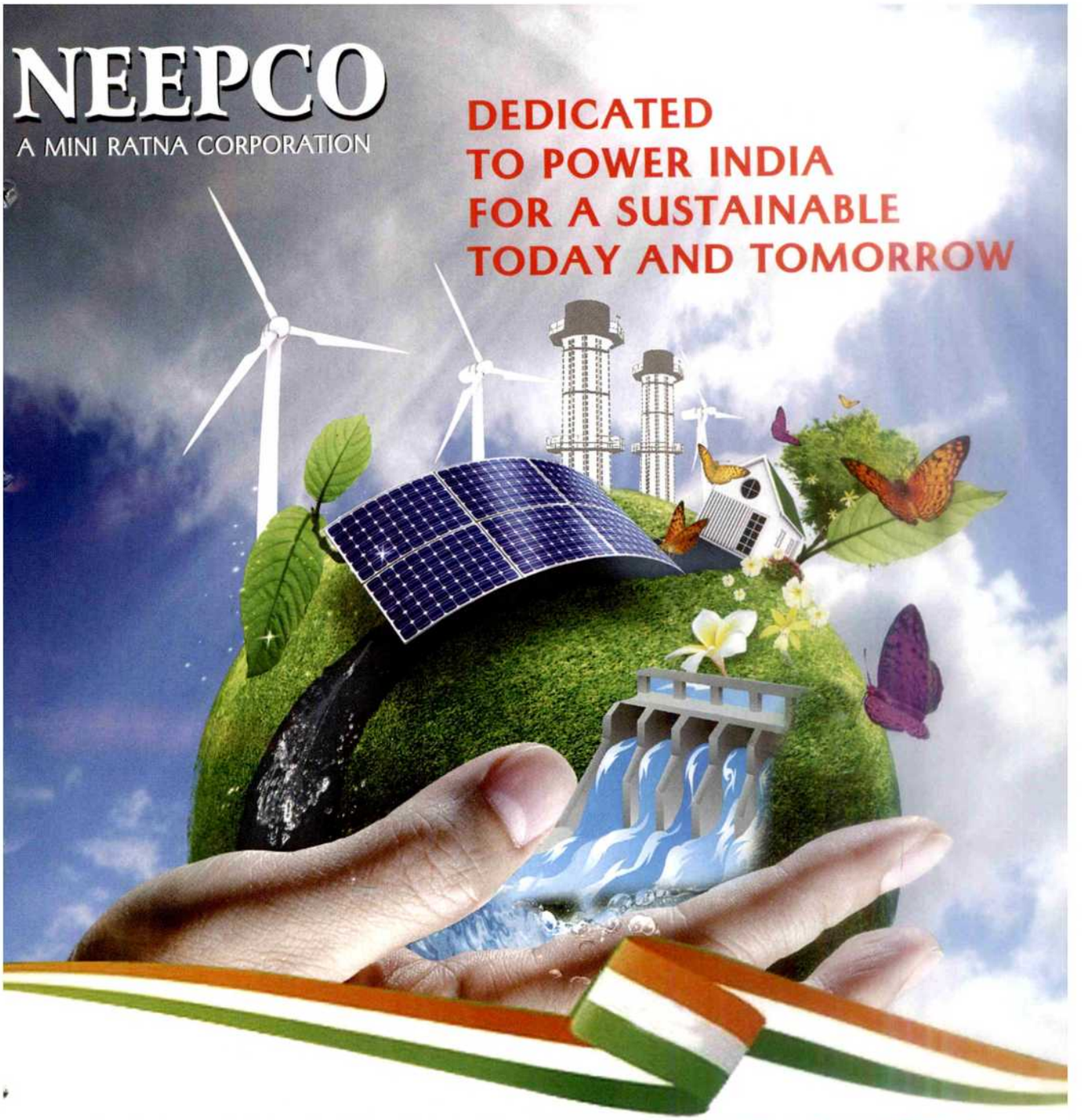

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The Group

POWER FOR PROSPERITY

The Women Issue

BREAKING THE MOULD

A clutch of women entrepreneurs is making a mark with innovative business models. By ARPITA MUKHERJEE

Priyanka Amar Shah, 27, believed that urban farming could take root in the concrete jungle of Mumbai. In 2011, Shah, nature lover and then a management student, decided to launch a venture to help individuals and companies grow consumable and non-consumable crops within their establishment. She pitched the idea in a concept show at her management college Welingkar Institute of Management. Shah received encouragement from peers and friends and decided to go ahead with her plans. iKheti was born with an initial seed capital of ₹75,000 from her savings and contributions from friends and family. Today, she helps several households and companies go green.

When Niyati Shah, 32, was expecting her first child in 2007, she knew that she would have to make a choice between her career and family. She loved her work at Yahoo! as the head of entertainment and knew that she had to keep working. So, together with friend and sales and distribution expert, Rachna Puri, she started Shotformats in Mumbai. Shotformats offers mobile and Internet consumer products and is currently focusing on its 'Biscoot' brand. It is a successful and a growing business now. The venture started with five people and currently the company has close to 500 people on its rolls.

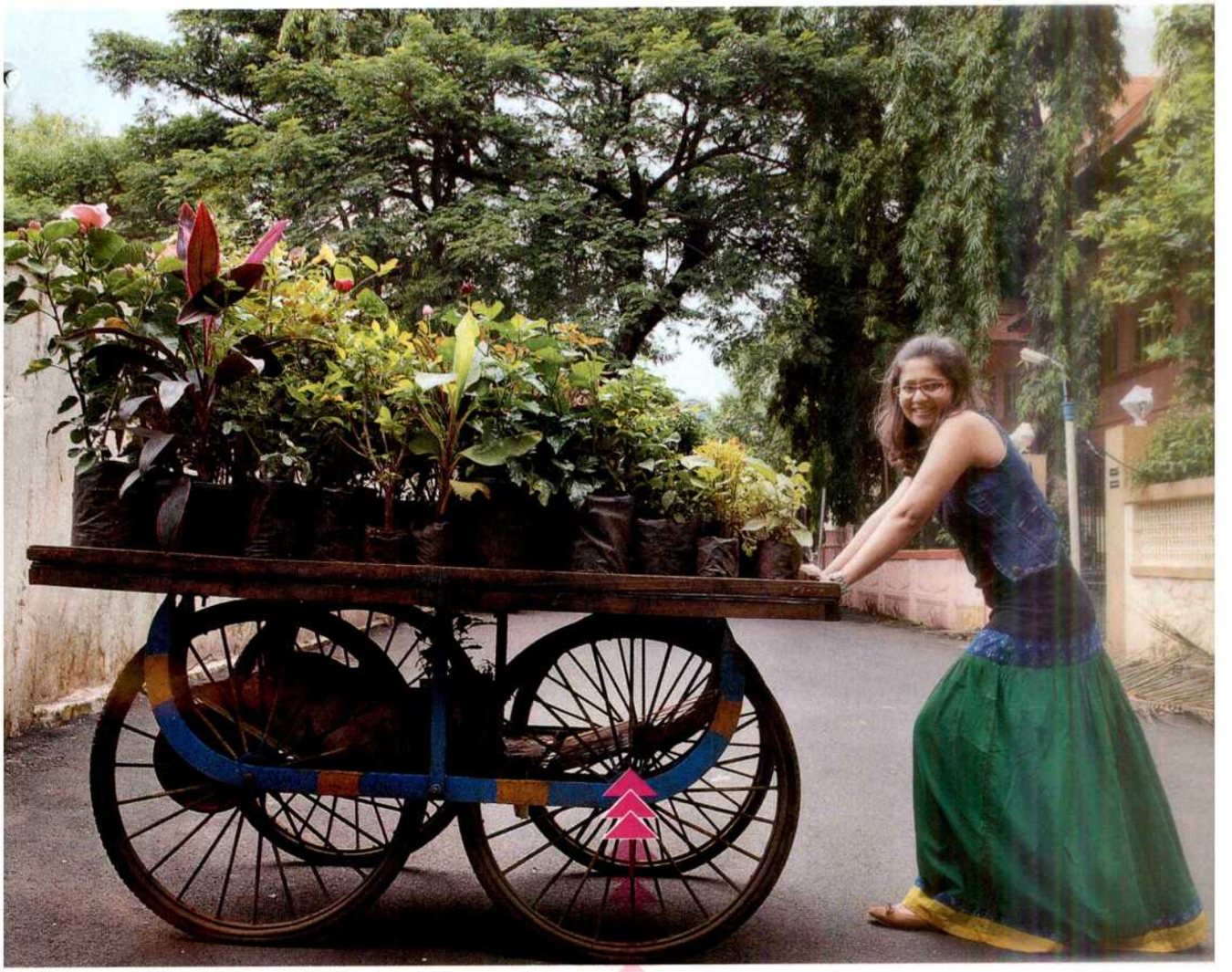
Indeed, while men are still more likely to be associated with novel ideas and concepts, there are several examples to illustrate that a growing number of women are making their presence felt. "There is a growing interest from investors to invest in teams with women entrepreneurs," says Ravi Kiran, investor and Co-founder of start-up accelerator VentureNursery, adding that the business proposition is what

Against All Odds

Challenges before women entrepreneurs

- Balancing family and business
- Women are not taken seriously
- Little support from peers
- Weak networking

RACHIT GOSWAMI/www.indiatodayimages.com



URBAN FARMER: Priyanka Amar Shah started iKheti with an initial capital of ₹75,000

counts in the end.

Consider, the example of two 28-year-olds, Tanvi Malik and Shivani Poddar. Childhood friends, they decided to launch an online fashion store – Faballey – catering to style conscious women like them, after they found branded apparel prohibitively expensive. "There were of course the likes of Zara and Mango, but they would drain our wallets in a month," says Malik. The duo figured that they could offer affordable western style and fashion to women by working with local vendors and keeping a lean supply chain. The entire range of clothing was designed in-house and manufactured within a range of five to 10 kilometres from their Noida office.

Malik and Poddar have overcome several obstacles along the way by tweaking the business model. When they started in 2012, they had only put up accessories on sale. "Our plan was to start clothing in a year, but we soon realised that accessories without clothes would not be accepted in India." Subsequently, they launched their in-house designer line of clothing within nine months of starting operations. They have competition from other brands that have jumped onto the ecommerce bandwagon but Malik asserts that they are better off. "We are our own customers," she says.

VentureNursery's Kiran agrees. "Women understand other women. That insight gives them an edge in developing products that better meet the needs of women," he says. About 80 per cent of consumer spending is controlled by women and there is a big market for products and services developed for them, he adds.

Similarly, Manjari Verma and Avani Patel, who run Broken Compass, a company that helps people plan trips, too have innovated to survive. Launched in 2009 in New

The Women Issue

SHEKHAR GHOSH/www.indiatodayimages.com

SERVING IT HOT: Anuradha Madhusudhanan's company Tattva runs a nutritionally prepared organic lunch service in south Delhi

Delhi, in the initial days of operations, the information shared with customers would often be passed on to other vendors who would then offer cheaper packages. But experience has made Verma and Patel smarter and more organised. "We now give broad suggestions till people confirm and only then do we give out major details," says Verma. "Now people know us and they come to us after word of mouth publicity." The company currently gets about 50 enquiries in the peak season and 15 to 20 during the off season.

Anuradha Madhusudhanan, 43, is another women entrepreneur, who has evolved a unique business model. She was convinced that there was a market for nutritionally prepared organic lunch in Delhi, but wasn't too sure. But when her pilot lunch delivery service, which she started in June 2011, worked well, she launched her company "Tattva". She serviced some 10 customers daily in the first year. The number moved up to about 15 to 25 in the second year. She now has 30 to 50 regular customers whom she serves daily.

Most of these women entrepreneurs have small but growing businesses. Shah of iKheti found it tough to win over prospective clients initially but has been able to generate profits recently.

The duo from Faballey has big plans. The company, which currently serves about 600 orders daily, plans to expand its online presence to three more channels. The company currently sells through its own website and through other channels such as Flipkart, Jabong and Myntra.

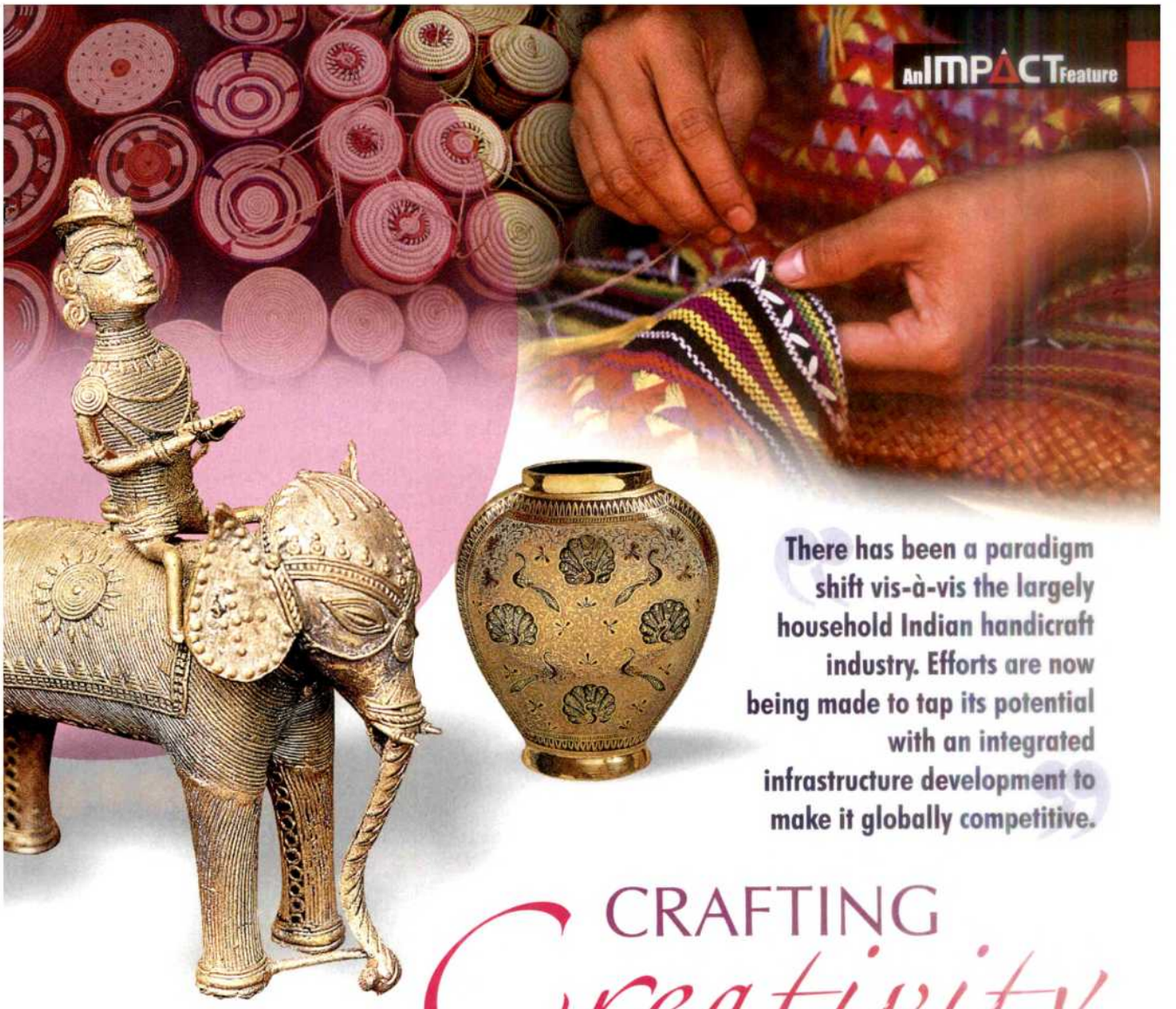
For Shotformats' Shah, her initiative Biscoot is shaping up well. Having touched 3,500 outlets, she plans to double the reach to 6,000 to 7,000 outlets by October. "We just had a huge gaming initiative. We bundled games and are selling it offline, which has taken off really well," she says. The company also received its first round of institutional funding last year from investment firm Matrix Partners India.

Madhusudhanan, however, had to turn around the business after realising that she had expanded too much, too fast. Having started catering to multiple locations such as Delhi, Gurgaon and Noida, she realised there were logistical issues that would need some sorting out. So, she scaled down her area of operations to just south Delhi, worked on the supply chain, packaging and logistics, and is now starting to expand again.

However, women are still seen as reluctant entrepreneurs despite some success stories. For instance, at the 10,000 Startup Program by National Association of Software and Services Companies that aims to enable 10,000 start-ups in India by 2023, about 5,000 to 6,000 projects are in the pipeline. Most of them are being run by men. "We feel that not more than five to six per cent of our applicants are women entrepreneurs," says Rajat Tandon, Senior Director of the initiative. Kiran of VentureNursery however says that, on average, 25 to 30 per cent of the applications they get are from women entrepreneurs or teams with women co-founders.

More women then are likely to step up and be counted in the future. ◆

@arpitamukherjee



There has been a paradigm shift vis-à-vis the largely household Indian handicraft industry. Efforts are now being made to tap its potential with an integrated infrastructure development to make it globally competitive.

CRAFTING *Creativity*

Handicrafts (crafts made by hands) are as old as the story of civilisation and culture itself. An expression of infinite human creativity on material ranging from wood, stone, metal, grass, papier-mâché and glass to cane bamboo, textiles, clay, terracotta and ceramic, the skill is handed down from generation to generation. It relies on conventional manual methods, as opposed to technological ones, for making various emblems of craftsmanship.

Manifesting beauty, dignity, form and style, the tradition of handicraft in India is an integral part of the multi-hued cultural heritage of the country. Though Indian handicraft is an unorganised cottage industry, its main strengths include availability of abundant, cheap labour in the country, use of local resources, versatile raw materials, unique craftsmanship and low capital investment.

■ GENERATING EMPLOYMENT ■

The Indian handicrafts industry is highly labour intensive and decentralized, being spread all across the country in rural and urban areas. A major source of employment generation, the industry involves millions of artisans from rural and semi urban areas. India is one of the major exporter and supplier of handicrafts and gift products to the world market. In the unorganised sectors in India, Handicrafts is the second largest employment-generating sector after agriculture with numerous artisans engaged in craft work on a part-time basis.

The present day handicraft tradition of India is a perfect example of assimilation between the traditional designs and modern techniques. The fast growing demand for Indian handicraft and gifts products has made this sector a full-fledged large scale organized industry that is growing day by day. Most of the artisans comprise women and people from the economically disadvantaged groups.

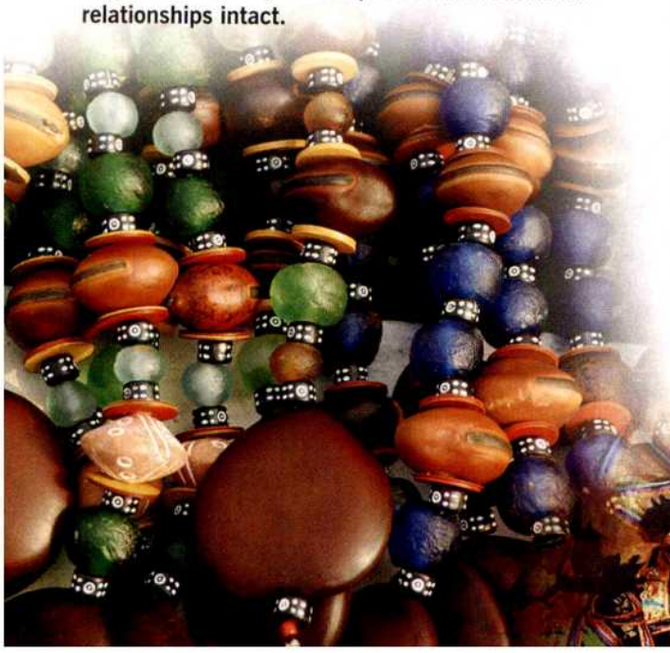
Mainly a rural-based sector has its reach in backward and in-accessible areas, handicraft started as a part time

The Hon'ble President, Shri Pranab Mukherjee and Hon'ble Minister of Textiles, Shri Santosh Kumar Gangwar presenting the National Award-2011 at the presentation of the National Awards, Shilp Guru Awards & Sant Kabir Awards to master craftsperson and weavers for 2011, in New Delhi.

activity in the rural areas. However it has now transformed into a flourishing economic activity due to its significant demand in the market over the years. Handicrafts have big potential as they hold the key for sustaining not only the existing set of millions of artisans, but also for increasingly large number of new entrants in the crafts activity.

■ EMPOWERING THE LESS ADVANTAGED ■

Recently while presenting the Shilp Guru Awards and Sant Kabir Awards to weavers and artisans, President Pranab Mukherjee said that the indigenous handicrafts and handlooms are a cherished aspect of the Indian way of life as heir extensive range reflects the country's diversity and infinite creativity. He pointed out the empowerment of women, the youth and the disabled through the handicrafts and handlooms sector, which employs considerable percentage of weavers and artisans belong to the scheduled castes and tribes and religious minorities. He also appreciated the fact that the sector provides low investment income opportunities for families in the rural areas but it also supplements their incomes in off-season of agriculture, checks migration and helps to keep traditional economic relationships intact.



■ RISING EXPORTS ■

The industry is doing well on the front of exports too. In fact, the export of Indian handcrafted goods dates back to pre-independence period. Presently, the Indian handicraft industry has its products delivered to every corners of the world. Utilising the traditional skill of artisans in various crafts such as wooden ware, metal ware, textile weaving & printing, marble & stone crafts, leather works, jewellery etc, Indian handcrafts are much-sought-after items in the international market. The exports of Indian handicrafts have grown at a significant pace in the last ten years. Thanks to the increase in the manufacture and export of handicrafts, Indian handicrafts have reached every part of the world. They are exported across geographies with the top 10 markets being the US, the UK, the UAE, Germany, France, LAC, Italy, the Netherlands, Canada and Australia. The products exported included art metalware, woodware, hand printed textiles and scarves, embroidered and crocheted goods, shawls, zari and zari goods, imitation jewellery and miscellaneous handicrafts such as lace, toys, etc. The EU countries (such as the UK, Germany, France, Italy and Netherlands) accounted for approximately twenty eight per cent of total handicrafts exported from India last year. The US was the second highest importer from India, the export of embroidered and crocheted goods brought in the most revenue to the country.

Another advantage of this sector is that the handicraft artisans can sell their products directly to exporters/ foreigners and can also set up their stalls at Dill Haat etc. All this rules out the involvement of any middleman.

■ PROBLEMS GALORE ■

However, on the downside, the industry faces a number of problems such as low literacy and education levels, lack of modern/technological skills and adequate finance. The Planning Commission acknowledges the fact that the unorganised sector doesn't have a structured system to support acquisition and upgradation of skills.

■ THE WAY OUT ■

Pertinently, the 12th Five Year Plan aims to create a globally competitive handicrafts sector and provide sustainable livelihood opportunities to the artisans through innovative products designs, improvement in product quality, introduction of modern technology and preserving traditions. Various schemes have been designed and efforts have been initiated to achieve this vision. Keeping in view the fact that the export value realisation of handicrafts products is quite high, integrated infrastructure development has been the policy focus in recent times. Three Mega clusters have been set up each in Bareilly, Lucknow and Bhuj. There has been a paradigm shift vis-à-vis this largely household industry and efforts are now being made to tap its potential with an integrated approach while appreciating the very factors that

differentiate the sector from large, medium or even the small scale industry.

The guiding principle behind the design of clusters is to create world-class infrastructure that caters to the business needs of the local artisans and SMEs to boost production and export. In brief, these clusters will assist the artisans and entrepreneurs to set up world-class units with modern infrastructure, latest technology, and adequate training and HRD inputs, coupled with market linkages and production diversification.

■ SCHEMES TO BOOST INDIAN HANDICRAFT SECTOR ■

The Hon'ble President, Shri Pranab Mukherjee and Hon'ble Minister of Textiles, Shri Santosh Kumar Gangwar with the Awardees of the National Awards to Master Craftspersons & Weavers, Shilp Guru Awards & Sant Kabir Awards to Handicraft Artisans & Handloom Weavers, at Rashtrapati Bhavan along with the officials of the ministry.

• Babasaheb Ambedkar Hastshilp Vikas Yojna (AHVY):

A 12th Five Year Plan Scheme, Baba Saheb Ambedkar Hastashilp Vikas Yojana (BAHVY) was launched in 2001-02 with a project-wise, need-based approach for integrated development of potential handicrafts clusters with participation of craftpersons at all stages of implementation. The overall objective is of socio-economic empowerment of artisans and their sustainability.

Presently, handicraft sector is contributing substantially towards employment generation and exports but this sector has suffered due to its unorganised nature along with additional constraints like lack of education, capital, and poor exposure to new technologies, absence of market intelligence and poor institutional framework. The AHVY scheme intends to overcome these constraints.

• Comprehensive handicrafts cluster development scheme: The government proposes to launch a new Comprehensive Handicrafts Cluster Development scheme (CHCDS) for spatial development in rural mosaic towards spiral percolation through partnership. The objective is to maintain "social equilibrium" through raising the living standards of millions of poor artisans located in far flung areas of the country as well as employment generation.

The cluster-based approach is increasingly being recognized as one of the strategies for cost effective, inclusive, sustainable and integrated development of micro, small and medium enterprises (MSMEs), the world over. Recognising this, several ministries of Central government and the state governments have launched sector specific cluster-based schemes. Handicrafts clusters are located in clearly identifiable geographical locations (clusters) that specialise in specific products, with close linkages and inter dependence amongst the key players in the cluster.

• Design and Technology up-gradation scheme:

The scheme aims to provide design & technology related inputs including skill up-gradation to the handicraft artisans to improve their productivity, quality and better marketability of their products.

The scheme aims to showcase the prototypes developed in the design workshops and integrated projects, sponsor young designers to attend these marketing events; revamp the process of empanelment of designers; introduce young craftpersons award/scholarship (under 35 years of age) and encourage and give recognition to the younger generation of craftspersons. The scholarship scheme for children would be extended to children of all craftsmen. Exporters may be considered for financial assistance for engaging national & international designers.

The scheme aims to provide adequate support to sponsored institutions, upgradation of artisans through design and technology intervention in order to develop new designs and prototypes and give practising craftsmen exposure to developments taking place in the field of design and technology.

• Marketing Support and Services Scheme:

The scheme intends to introduce a national level event on the lines of National Handlooms Expo to ensure more

visibility to the sector; to initiate new consumer awareness scheme for domestic markets; to support well-managed, authorised kiosks/shops at museums, airports, hotels, railways stations, metros etc and introduce component for artisans to tie up with big retail chains and display their products.

- **Human Resource Development Scheme:**

Aiming to improve effectiveness of training programs, the scheme provides guidelines for syllabus/training modules; adopt the concept of participatory training; publicise training programs; introduce computer based training programs; strengthen monitoring and feedback mechanisms; and improve infrastructure provision at training centres.

- **Handicrafts Artisans Comprehensive Welfare Scheme:**

The scheme aims to increase the number of OPD/IPD facilities; revise the empanelment list of hospitals to cover government hospitals and increase financial coverage in case of illness or accident.

Under the scheme, medi-claim settlement period has to be reduced with all claims to be settled within 30 days and in exceptional circumstances, 45 days. The scheme focuses on creating synergy with programs of other ministries and departments to avail benefits for the handicraft artisans on a priority.

- **Research and Development Scheme:**

Under the scheme, regular studies are commissioned for gathering market intelligence on saleable designs and trends. The various areas of research that are proposed to be the focus for the next 5 years are - environment impacts of craft processes and compliance; occupational health and safety issues; low cost tools and equipments; regulatory compliance issues and geographic indication.

- **Infrastructure and Technology Development Scheme:**

The scheme aims at the development of world class infrastructure in the country to support handicraft production, and enhance the product quality and cost-effectiveness to enable it to compete in the world market.

- **Special scheme for the North Eastern Region (NER):**

The objectives of the scheme are as follows: Integrated and Inclusive model for the overall development and promotion of the handicraft and handcrafted textiles from all the states of North East; to promote artisans/ entrepreneurs and craftsmen for enterprise development from all the states of North East; to create North Eastern Handicrafts and Handmade Textiles Clusters as centre for excellence [based on philosophy of co-operation] with well integrated forward and backward linkage; to provide adequate infrastructure support for improved quality and productivity and to enable entrepreneurs/artisans access to a larger market segment, both domestic and international.

The Women Issue

CATALYST FOR CHANGE

With innovative products, the Bharatiya Mahila Bank is cheering the spirit of women entrepreneurs.

BY ARUNIMA MISHRA

JOY OF SELF-RELIANCE: Nirmala at her shop in Maal Block, Malihabad

MANEESH AGNIHOTRI

The Women Issue

Empowering the women folk of rural India has much to do with their economic independence. A source of income for themselves is the first step towards their liberation. For almost all her life, 40-year-old Nirmala Devi has been a homemaker. But two months ago, her life changed for the better when she received a loan of ₹25,000 from the Bharatiya Mahila Bank (BMB) to set up a shop in Aant village, 18 km from Malihabad in Lucknow district.

Her shop – a Momo Rangoli store – caters to the needs of women in the village and sells cosmetic items, fancy jewellery and garments. Nirmala has studied only till Class VIII but now earns a profit of ₹1,000 every month after depositing ₹700 in her bank account against the goods sold in the shop. "I am very happy as I have got my own identity. From being someone's wife, I am now a village shop owner," she says.

Since November 2013 when BMB was launched, the bank has opened 23 branches to support the banking needs of women who want to become entrepreneurs. It has also signed pacts with beauty salons like Naturals and CavinKare's Trends in Vogue. The bank offers loans for women in the range of ₹50,000 to ₹5 lakh to open day-care centres. It also gives loans starting from ₹5,000 for catering services and foots the project cost in the ratio of 2:1 for new salons.

BMB Chairman and Managing Director Usha Ananthasubramanian says this is an experiment meant to boost the confidence of rural women. "A woman in a village hardly visits the nearest town to buy things for herself. With Momo Rangoli shops, she doesn't have to wait for someone's help. After Lucknow, we will take the concept to entire Uttar Pradesh and Bihar," she says.

The bank has tied up with Drishtee, an NGO that works with the National Skill Development Corporation, to run such shops in Lucknow with an initial capital of ₹25,000. It has disbursed loans to seven such shops in Lucknow. Drishtee meanwhile has started the concept in Bihar with nine shops.

Japanese white goods company Ricoh, as part of its corporate social responsibility initiative, will be providing tablets with icons of products to women shop owners. Sachin Kumar of Drishtee says that there is an entrepreneur in each village to avoid cannibalisation of the business. Also, without a no-objection certificate from the first shop owner, another woman cannot open a shop. "They get a margin of 10 per cent on the sale of regular products and it goes up to 40 per cent for local products like jewellery," he says.

The bank has also tweaked the lending model adopted by other commercial banks to help rickshaw pullers. With farming being a seasonal engagement, many unemployed from places like Sitapur, Basti, Behrai and Mehmudabad move to Lucknow to earn a living as rickshaw pullers. Till recently most of them used to hire a rickshaw for 12 hours for a rent of ₹40 from local thekedars. But now they have started getting loans to buy a rickshaw of their own. The BMB too allots loans to rickshaw puller but it can be availed only in the name of the rickshaw puller's spouse, sister, mother or any other woman in his household.

Only For Women

Lucknow's rickshaw pullers used to earn **₹200 to ₹250** a day by hiring rickshaws on rent. Now they earn **₹450 to ₹600** and their wives have opened savings accounts with BMB

The Republic of Zimbabwe will open an **all-woman bank** by this year end in line with the business model of Bharatiya Mahila Bank

BMB, through Dhan Foundation, has given loans to **42,000 beneficiaries** in three districts of Maharashtra for dry-land farming

SHEKHAR GHOSH

USHA ANANTHASUBRAMANIAN
Bharatiya Mahila Bank, Chairman and Managing Director

"We recently gave ₹5 lakh to women from Gujarat to make chocolate bouquets. I am sure there are a lot more innovative ideas"

"We have started it in Lucknow through the Bharatiya Micro Credit (BMC), a non-profit organisation. The women manage the weekly installments. They take more rickshaws on loan and rent it out to their trustworthy relatives from their villages," says Ananthasubramanian. She says that being a start-up bank, BMB is gaining recognition for core banking. The decision-making is quick and the bank closes a loan request in three weeks.

The BMC also arranges for rickshaws, uniforms and identity cards for the rickshaw pullers. Vijay Pandey, Managing Director of BMC in Lucknow, says the repayment structure is different for trolleys (₹240 a week) and rickshaws (₹316 a week). "In a year, a rickshaw that costs ₹12,000 becomes an asset for the puller. In 45 installments, the rickshaw will become their asset. Their wives are thinking of applying for loans to buy more rickshaws so that they can give it on rent," says Pandey. Next on cards is a plan for a women's taxi service. "There is a huge demand in the city for women chauffeurs. We will discuss this with BMB," he says.

The wives of these rickshaw pullers have started their own businesses such as making bridal colours, spices and garments. The quality of life of rickshaw owners like Rajrani of Sitapur has improved. She now sends her three children to private schools where she pays ₹250 as monthly fee. She has been able to save the money as her husband, Chotkan, earns ₹7,000 a month pulling rickshaw. "I'll get another rickshaw loan and will rent it to someone from Sitapur once we repay the loan for the first rickshaw. We have already paid 17 installments," she says.

The BMB has also signed a pact with Naturals, a leading hair and beauty salon, to help women start their own salon business. One of the beneficiaries is 39-year-old Soumya Vijay of Chennai. While all other banks were willing to cover only 30 per cent to 35 per cent of the total cost to start a Naturals Lounge in T Nagar, the BMB offered to cover about 65 per cent of the project cost (2:1 ratio). "Besides my two other unisex salons, the footfall at the Naturals Lounge has crossed 700 a month and my business is turning profitable every month," says Vijay.

For Ritika Khanna, a BBA graduate in HR from Lucknow University, a salon business was the best option as her husband is a trained hair stylist. The bank has financed ₹33 lakh that covers the asset cost of the total ₹56 lakh to open a 1,200-sq-ft Naturals salon in Lucknow city. "I'll start my salon in mid-August and I'm building my team of make-up and beauty professionals," she says.

By helping aspiring women start their own salon, Naturals aims to create 1,000 women entrepreneurs by 2017. Apart from BMB, it has a tie-up with Axis Bank and Indian Overseas Bank to help provide financial aid. Veena Kumaravel, Founder, Naturals, says, "With a network of more than 350 salons across the country and in Dubai, we would like to expand the brand to 650 salons by year end."

Meanwhile, BMB is all ears to the needs of wannabe women entrepreneurs. "We have sanctioned a loan of ₹5 lakh to some women entrepreneurs from Gujarat for making chocolate bouquets. I am sure there are a lot more innovative ideas," says Ananthasubramanian. ◆

@Mishra_Arunima

The
Women
Issue

A JOURNEY OF THE MIND AND MOOLAH

Entrepreneurs see big business in empowering women. BY SHWETA PUNJ

Occupational hazard, in this line of work, can at times include being pulled into an SUV, or being stalked by one of those cars with tinted glasses that emanate menace. In Delhi-NCR, where such vehicles abound, the threat is real even at a seemingly safe hour like nine in the morning.

It is not within Gauri Singh's powers to eliminate those threats, but what she has done is given the women on her rolls sustained employment, predictability of income, and a decent work environment – perks that come with being part of an organised set-up. That is more what the 200-odd women managed by her outfit, The Maids' Company, have had in their life so far; they come from the absolute bottom of the pyramid.

There are more where they come from. According to World Bank estimates of last year, India has a third of the world's poorest people – those living at less than $1.25 a day. A large portion of that population is women who have survived attempts to kill them before they are born and exploit and abuse them afterwards. So far, the main warriors in the country's battle to protect and uplift its women have been policymakers and NGOs. Now private enterprise has stepped in, its chief weapon being a promise of economic independence.

The Maids' Company is one of those. But its founder Singh is not in it for charity. A postgraduate from the London School of Economics, she saw a business opportunity in the unorganised sector of domestic workers and started her outfit in 2011.

Maids in India spend their lifetime grappling with low pay, zero benefits, indeterminate working hours, and abysmal working conditions. The sizeable army of cleaning ladies, cooks and nannies slave away in a sector that has no regulation and no oversight because, well, it does not exist on paper. Singh trains them, negotiates on their behalf, and ensures fair work practices. In return, she charges a fee from the client and a percentage of the maid's salary every month. She is also rethinking the model to make charges more competitive for her clients. Her maids work fixed hours and their salary rises 10 per cent every year. The client gets quality manpower

LIFTING THEIR SPIRITS: Gauri Singh, Founder of The Maids' Company, with staff she's trained in Delhi

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VIVAN MEHRA

and the promise of up to three free replacements.

Far away from the SUVs of Delhi-NCR, in Karnataka's Udupi, 34-year-old Pushpa Poojaarthy has been working with DesiCrew, a rural BPO, for four years. For Poojaarthy, her data entry job was a godsend. She has been the provider for her family ever since her husband died. The family in her case includes not only the two children but also her mother and sister. The DesiCrew job gives her dignity, in addition to ₹8,000 a month. "My job is a source of encouragement for me," she says.

DesiCrew started in 2008 to find a solution for rural unemployment. "We wanted a model that brought jobs back to rural areas. Initially, gaining customers and basic infrastructure were the big challenges," says CEO Mani Varnan.

Bringing jobs to rural areas was also the imperative for providing jobs to women, who constitute a much smaller portion of migrant workers than men. Nearly 70 per cent of DesiCrew's workforce is women. They bring stability to the company's workforce. What the BPO industry loses to attrition in a month, DesiCrew does in a year. "Women have to manage family and work and form a far more stable workforce," says Veena Shetty, who moved to Udupi from Bangalore after getting married and joined DesiCrew as a centre manager. She now heads its HR.

Pramod Panwar's is a quintessential case of starting afresh after a fall. He set up his own export firm after losing his job as a junior merchant at an export house in 2010.

TOY WORLD: ProCraft CEO Saloni Malhotra (centre), with employees. ProCraft was set up to help small artisans

His is a company with the same difference as DesiCrew: Touchy Exports works with underprivileged women. Panwar trains women from slums to make handmade toys. His network has now grown to 30 women who have the option to work from home.

"Women come to us from slum areas, some of them are in abusive relationships and require flexibility of place and time of work. We train them and help them become financially independent," says Panwar.

ProCraft helps Touchy find buyers for its toys overseas. An enterprise of All India Artisans and Craftsworkers Welfare Association, ProCraft has been set up with the mandate to create markets for small artisans. Its Chief Executive Officer, Saloni Malhotra, who is also the founder of DesiCrew, says: "We help artisans in packaging and modifying product designs for international markets. The idea is to increase the income of artisans and make it consistent."

For Malhotra, just as for Singh of The Maids' Company and Desi Crew's Varnan, it is as much a business as a journey – a journey to change mindsets. Singh, for one, is yet to break even on the close to ₹90 lakh she has invested. For now, she is busy organising shuttle services for her maids to ward off those cars with tinted glasses. ◆

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The Women Issue

SHAILESH RAVAL

GRACE UNDER PRESSURE

How six key women leaders in the microfinance sector are confronting the crisis there. By E. KUMAR SHARMA

A watershed in the history of the microfinance sector was the ordinance called the Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Rules – later made into an Act – issued in October 2010. Sparked by reports of some microfinance institutions (MFIs) using coercive means to recover loans, it imposed severe curbs on the functioning of these institutions in Andhra Pradesh – the state where they were the most widespread. Many borrowers in the state, however, interpreted the ordinance as a blanket waiver of their loans, leading to a near-collapse of all MFI companies there. MFIs in the rest of the country were also hit, as banks grew increasingly reluctant to lend to them. *Business Today* spoke to six women leading different MFIs to find out how they are coping.

Vijayalakshmi Das
CEO/FWWB, India

Founded by noted social worker and Magsaysay Award winner Ela Bhatt in 1982, the Friends of Women's World Banking (FWWB), India is an Ahmedabad-based not-for-profit organisation which assists MFIs in various ways. Its CEO for many years now has been Vijayalakshmi Das, 62. She is also Promoter Director and Managing Director of Ananya Finance for Inclusive Growth (AFIG), promoted by FWWB to take up its microfinance activities. AFIG has been severely hit, its loan portfolio falling from ₹385 crore in March 2010 to ₹43 crore by March end this year.

How did the Andhra Pradesh ordinance affect FWWB, India? The upheaval led the RBI to set up a committee headed by Y.H. Malegam to examine the sector's functioning. Following the committee's recommendations, the RBI issued a circular on May 3, 2011. In effect, it told banks that financial intermediaries like FWWB were not part of the priority sector. Freed of this compulsion, banks's willingness to lend to FWWB and Ananya dropped sharply.

Both institutions, however, have been striking out in fresh directions. "FWWB is nurturing agriculture producer companies, plus those working on water and sanitation projects, while Ananya is seeking agriculture financing loans from banks to help the agriculture producer companies," says Das. FWWB's loans to these new entities stands at ₹19 crore, its borrowings at ₹4 crore.

G. Padmaja Reddy
MD/Spandana Sphoorty Financial Ltd

Hyderabad-based Spandana, led by G. Padmaja Reddy, 47, was once the second-biggest MFI in the country (after SKS Microfinance). That was just before the ordinance struck. Loan disbursement plunged, the workforce shrank, and the number of borrowers dropped by nearly half. In 2011, it was also forced to go through a debt restructuring exercise. Spandana's attempts to recover ground by diversifying into tractor loans, gold loans and housing loans were also limited by the RBI stipulation that such loans should amount to no more than 15 per cent of an MFI's total loan portfolio. So, how has Spandana stayed afloat? "Our coping strategy was very simple: stay liquid when in stress," says Reddy. "It gave management the flexibility to deploy resources where they were most needed and avoid knee-jerk reactions." She also refused to entirely give up on loan recovery in Andhra Pradesh. "We stayed focused on collections and continued to use various permissible means to improve customer reach. We collected almost double of what the other MFIs did," she adds.

A. PRABHAKAR RAO

The Women Issue

Praseeda Kunam
CEO/Samhita Community Development Services

A not-for-profit company, Samhita Community Development Services was set up by Praseeda Kunam, 39, and her husband Balachander Krishnamurthy in September 2007 and began operations in January 2008. Among other services, it disburses small loans to women, starting with remote and underserved parts of Rewa in the Baghelkhand region of Madhya Pradesh. Even before the Andhra Pradesh ordinance made banks wary of microlenders, Kunam had noticed the worrying trend of borrowers taking multiple loans and stopped expanding. "By early 2010, we stopped growth and waited for regulatory clarity, servicing only existing borrowers."

Instead, Samhita began giving its target community lessons in financial literacy and legal rights, as well as offering them a range of insurance and pension products. Instead of only taking loans from banks to fund its microfinance activities, it has become a business correspondent as well, first for IndusInd Bank and earlier this year, for YES Bank as well. Half the loans it disburses are on behalf of these two banks. Thus unlike most others in the sector, Samhita has been steadily growing even in the post-ordinance years. The number of borrowers has risen from 37,906 in March 2012 to 58,461 in March 2014, while total loan outstanding has increased from ₹24 crore to ₹40.3 crore.

Jayshree Vyas
MD/Shri Mahila Sewa Sahakari Bank

Jayshree Vyas, 61, heads the Shri Mahila Sewa Sahakari Bank, once again founded by Ela Bhatt in 1974 and based in Ahmedabad. Sewa Bank, as it is popularly known, is not an MFI but a cooperative with deposits of around ₹200 crore, owned and run – as the name indicates – exclusively by women. The Andhra Pradesh ordinance had a curious impact on it – for the first time, Sewa Bank faced competition. "There were hardly any homegrown MFIs in Gujarat before," says Vyas. But once business in Andhra Pradesh collapsed following the ordinance, almost all MFIs ventured into Gujarat.

"The newcomers did try to tap our client base, but we also changed in many ways to deal with this," says Vyas. One big advantage Vyas had was that, heading a bank, she could offer loans at an interest rate of around 18 per cent, while MFIs, which borrow from banks, need to charge more. How did Sewa Bank change? "We started appointing financial counsellors and setting up a financial literacy centre in every area," says Vyas. "Earlier we focused only on building awareness, but now we also talk about our products." Even so, competition has seen the annual growth of loans fall from 15 to 13 per cent. The bank now plans to expand across Gujarat.

SHAILESH RAVAL

The Women Issue

NILOTPAL BARUAH

Tara Thiagarajan
CMD/Madura Microfinance

Tara Thiagarajan, 42, who leads the Chennai-based Madura Microfinance, with a loan portfolio of around ₹250 crore, does not see the Andhra Pradesh ordinance as an unmixed disaster. "The crisis it caused has highlighted some fundamental systemic issues which were hidden for many years," she says. "More than 75 per cent of microfinance was simply consumer lending with borrowers taking money from one source to pay off another." She acknowledges that Madura too has changed, and now attaches much more importance to understanding its borrowers. "The crisis made it imperative to develop a model by which we could be more targeted in delivery of capital to productive enterprise," she adds. She notes that data about the poor is fairly limited. "We operate in a very data dark environment where data about the customer must largely be gathered from self reports through laborious field processes," she adds.

Kalpana Sankar
Managing Trustee, Chairman/
Hand in Hand, India

Kalpana Sankar, 50, heads two entities – the not-for-profit organisation Hand in Hand, India, and the MFI Belstar Investment and Finance Pvt Ltd, both based in Chennai. The two work in tandem. "Hand in Hand looks at capacity building, social mobilisation, and entrepreneurship and training, while Belstar focuses on credit delivery," says Sankar. Belstar's total loan portfolio is around ₹200 crore. How did the Andhra Pradesh development affect her work? "After the crisis, it has been difficult to mobilise debt and we have not been able to grow to our potential," she says. "We have, therefore, focused on ways to improve financial inclusion by training people to save and inculcating a culture of repayment. We also focus on building capacity so that they borrow for enterprise creation." ◆

JAISON G

An IMPACT Feature

ON THE TIGER TRAIL

The original home of the tiger, Bandhavgarh offers a treasure trove for wildlife lovers

One of the reasons that makes Bandhavgarh National Park popular among wildlife lovers is the fact that it is the original home of the white tiger. Comparatively smaller in size from other national parks of Madhya Pradesh, it however, wins the race in the highest density of tiger population in India. As for the white tiger, the rare species of tiger could be seen in the then Rewa state for many years. The last alive was hunted by Maharaja Martand Singh in 1951, and stands as a testimony as a stuffed one in the Rewa Palace.

The forests of Bandhavgarh before they were converted into a sanctuary were the game preserve of the Maharajas of Rewa. Situated in the Umaria district of Madhya Pradesh, Bandhavgarh national park covers an area of 448 square kilometers. The eponymous hill, Bandhavgarh stands tall right in the midst of the forest, accompanied by smaller hills and gently sloping valleys, which open up to small, swampy meadows. On the top of the hill stands Bandhavgarh Fort dating back to almost 2000 years old. Various dynasties have reigned from the fort, for example, the Maghas from the first century AD, the Vakatakas from the 3rd century AD, the Sengars from the 5th Century AD, and the Baghels till 1617 when Vikramaditya Singh moved his capital to Rewa. Civilisation ceased to exist from 1935The last inhabitants deserted the fort in 1935.

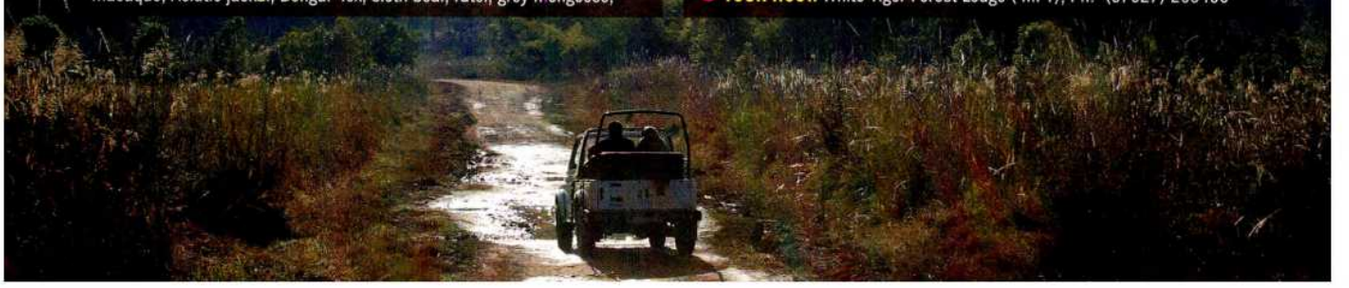
Dotted in the park are many intriguing caves. The vegetation varies from Sal forests in the valleys and lower slopes, to deciduous forest on the hills on the arid areas of the park. Bandhavgarh is best visited from mid-October to February-end. The major attraction being the big cat, Bandhavgarh also teems with a variety of wildlife such as sambar, barking deer, nilgai, which are easily available for wildlife lovers. Bamboo is found in abundance.

There are more than 22 species of mammals and 250 species of birds. Animals found at Bandhavgarh include common langurs, rhesus macaque, Asiatic jackal, Bengal fox, sloth bear, ratel, grey mongoose, striped hyena, jungle cat, leopard, wild pig, spotted deer, sambar, chausingha, nilgai and chinkara. Mammals, such as dhole, the small Indian civet, palm squirrel & lesser bandicoot rat are seen occasionally

Common langurs and the rhesus macaque represent the primate group. Carnivores include the Asiatic jackal, Bengal fox, sloth bear, ratel, grey mongoose, striped hyena, jungle cat, leopard, tiger, wild pig, spotted deer, sambar, chausingha, nilgai and chinkara, dhole, small Indian civet, palm squirrel and lesser bandicoot rat. The verdant streams and marshes extremely rich in birdlife. The common ones are little grebe, egret, lesser adjutant, sarus crane, black kite, crested serpent eagle, black vulture, Egyptian vulture, common peafowl, red jungle fowl, dove, parakeet, kingfisher and Indian roller. The reptilian fauna includes cobra, krait, viper, ratsnake, python, turtle, and a number of lizard varieties, including varanus. The park can be scanned either on motor vehicles or elephants. Jeep safaris should be availed from dawn until about 10 am, and then from about 4 pm till dusk. It is advisable to take a guide forest department guide on safaris. The best season to visit Bandhavgarh is from mid-October to June.

HOW TO REACH

- **BY AIR:** The nearest airport is at Jabalpur (190 km). From Khajuraho (237 km), Bandhavgarh is a five-hour drive via Panna, Satna and Maihar across stretches of the Vindhyachal.
- **BY RAIL:** The nearest railway stations near Bandhavgarh are Jabalpur (190 km), Katni (102km) and Satna (120km) on the Central Railway and Umaria (35km) on the South Eastern Railway.
- **BY ROAD:** State/Private transport buses ply between Katni and Umaria, and from Satna and Rewa to Tala (Bandhavgarh). Taxis are available at Satna, Jabalpur, Katni, Umaria and Khajuraho.
- **YOUR HOST:** White Tiger Forest Lodge (MPT), Ph: (07627) 265406



CALL OF THE TIGER

Kanha is perhaps the best bet in Madhya Pradesh for a rendezvous with the big cat and sighting of rare species of other animals and avian life.

Tiger, tiger burning bright...the Kanha National Park is home to the big cat and a dream destination for wildlife lovers. Considered one of the biggest parks in Madhya Pradesh, the sanctuary is the core of the Kanha Tiger Reserve created in 1974 under the avowed Project Tiger.

The mélange of sal and bamboo trees, vast expanse of grasslands, gurgling and snaking streams, make Kanha a paradise for nature lovers. Apart from the tiger, the park is the habitat of the hardground Barasingha a species that has now become a rare in the forests of India.

The national park came into existence in 1955 and painstaking efforts by the conservationists as well as wildlife and forest departments have ensured that Kanha holds its head high as one of the best administered parks in Asia. It is today a haven for a vast array of animals and birds

The clinically delineated circuits of Kanha offers the visitors to have a good look at the cross section of wild species. Those desperate to watch blackbuck, chital and barasingha must park themselves at the meadows.

It is not just a body of wild and the wonderful that make Kanha special, Bamni Dadar offers a lifetime opportunity to watch the sun go down in the horizon. As a result, it is popular as the Sunset Point. And that is not all. The lush greenery and the dense forest come with the package.

Species such as Indian hare, dhole or Indian wild dog, barking deer, Indian bison or gaur, palm squirrel, common langur, jackal, wild pig, chital or spotted deer, barasingha or swamp deer and black buck can be seen in Kanha. Those willing to test their patience will be rewarded with the rare sights of the Indian fox, sloth bear, striped hyena, jungle cat, leopard, mouse deer, chausingha or four horned antelope, nilgai, ratel, porcupine, chinkara, Indian pangolin, Indian otter and the Indian civet.

Kanha boasts of a rich bouquet of avian species, such as cattle egret, pond heron, black ibis, common peafowl, crested serpent, racket- tailed drongo, hawk, eagle and redwattled lapwing, various species of fly catcher, woodpecker, pigeon, dove, parakeet, babbler and mynah, Indian roller, white breasted kingfisher and grey hornbill. Those in search of water birds can find a plentiful near the park's many rivulets and at Sarvantal. Early mornings and late afternoons are the best time to see birds.

Safaris are an intrinsic part of jungle and Kanha offers jeep and elephant rides. One can hire MPSTDC jeeps and ride on elephants for tracking the tiger. Visitors can contact the MPSTDC Managers at Baghira Log huts, Kisli and at Kanha Safari Lodge, Mukki. Bookings for a morning run should be made the previous day. Please bear in mind that jeeps are not always available during peak visiting periods.

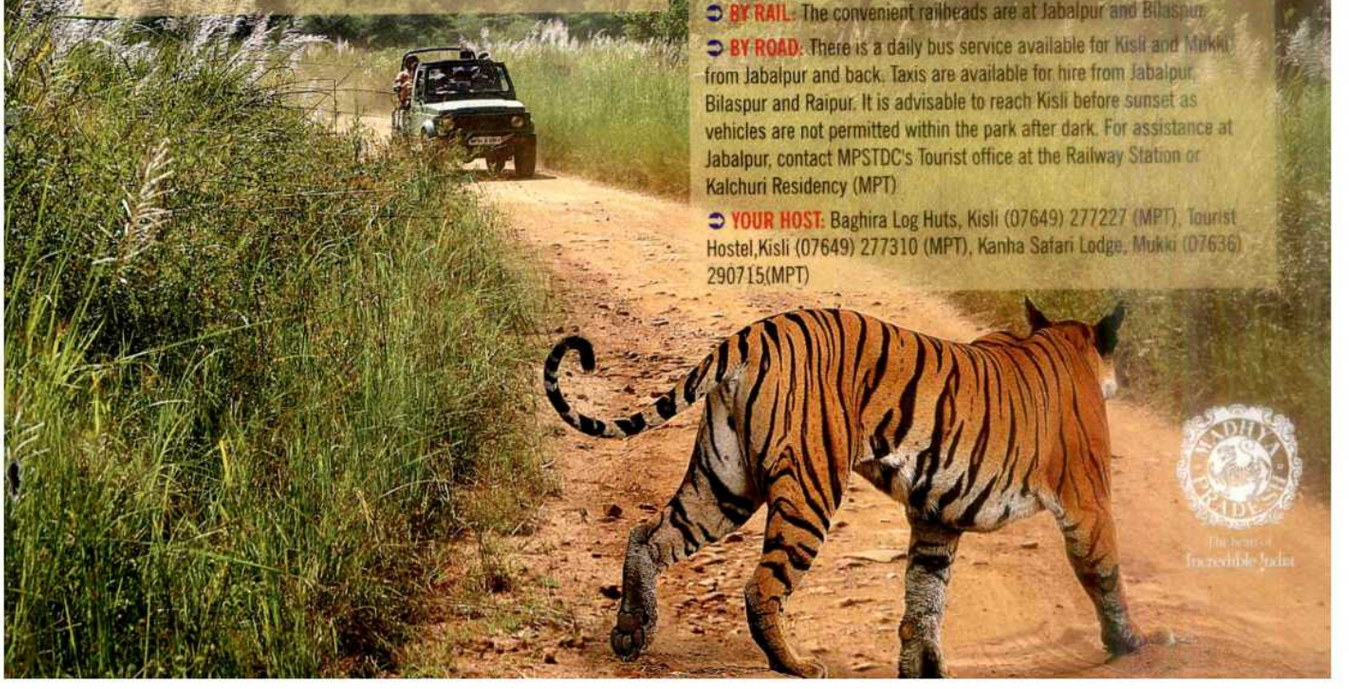
The best season to visit Kanha is from mid-October to June. It is preferable to stay put in the jungle at least for three nights. Apart from carrying cottons, visitors should be well equipped with woolens as well.

Food is never a problem at Kanha. Kisli has a restaurant and a canteen. The restaurant serves both Indian and Western food. The canteen serves reasonably priced meals and snacks. Mukki also has a multicuisine restaurant.

HOW TO REACH

Khatia (3km from Kisli) and Mukki are the two main entry points to the Kanha National Park. From Jabalpur, Kisli is 165km via Chiraidongri and Mukki is 203km via Motinala and Garhi. For travelers from Bilaspur (182km), Raipur (213 km) and Balaghat (83km), Mukki on the state highway No. 26 is more convenient. From Nagpur, Kisli is 259km via Nainpur and Chiraidongri, and Mukki is 289km via Balaghat.

- **BY AIR**: Nearest airports are at Jabalpur (160km), Raipur (240km) and Nagpur (335 km).
- **BY RAIL**: The convenient railheads are at Jabalpur and Bilaspur.
- **BY ROAD**: There is a daily bus service available for Kisli and Mukki from Jabalpur and back. Taxis are available for hire from Jabalpur, Bilaspur and Raipur. It is advisable to reach Kisli before sunset as vehicles are not permitted within the park after dark. For assistance at Jabalpur, contact MPSTDC's Tourist office at the Railway Station or Kalchuri Residency (MPT)
- **YOUR HOST**: Baghira Log Huts, Kisli (07649) 277227 (MPT), Tourist Hostel,Kisli (07649) 277310 (MPT), Kanha Safari Lodge, Mukki (07636) 290715(MPT)



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The Women Issue

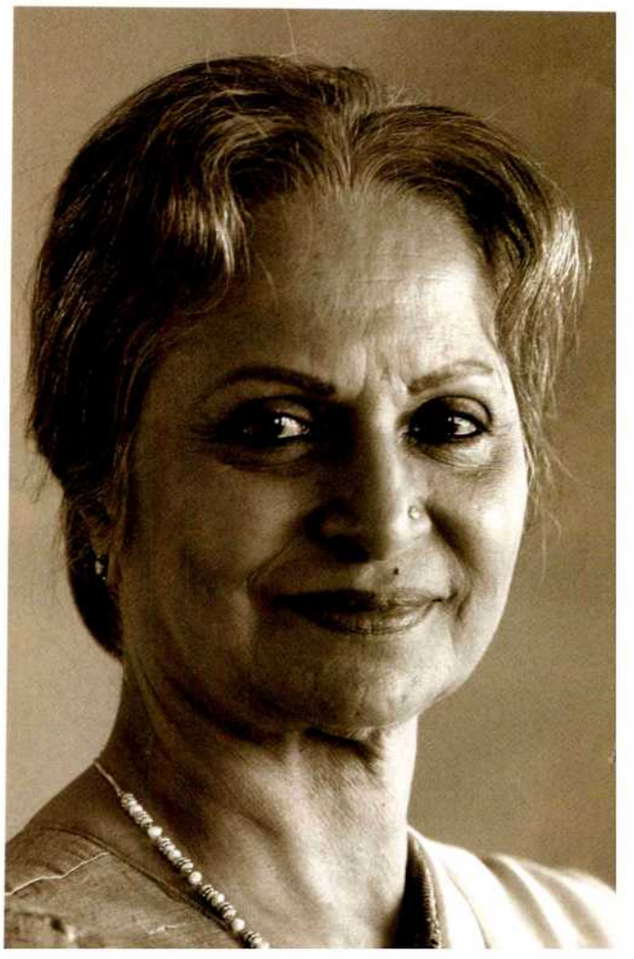
WHY JAYA SHOULD NOT HAVE MARRIED AMITABH

As she retired and his star rose, Hindi cinema reduced its women to props. By SUVEEN SINHA

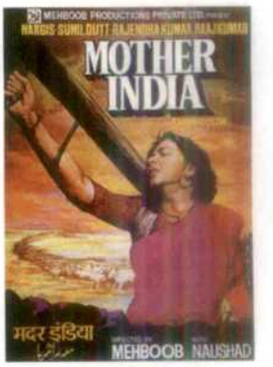
Nirmala, in *Duniya Na Maane*, gets conned into marrying an old man. This was 1937, a full 50 years before the Sati Prevention Act came into force in Rajasthan. Nirmala had lost her parents at an early age and been brought up by her uncle, who took money from the old man to marry Nirmala off to him. Marooned, she goes to live with her husband's family and wears vermillion. But, using sex as a weapon against her family, her husband's family, and against society, she refuses to sleep with her husband. Played with aplomb by Shanta Apte, Nirmala refuses to give in till the end, which comes as the husband kills himself.

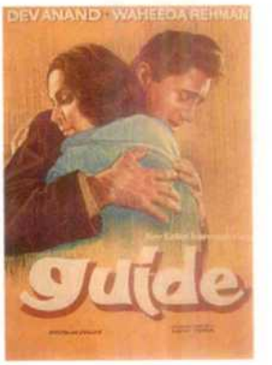
Pooja, who had walked out on her husband for acquiring a mistress, is moved but firm when the husband, full of repentance after being dumped by the mistress, begs to come back to her. She turns him down. Not to run into the arms of her guitar-strumming admirer; she does not want to be with him either. As Mahesh Bhatt's *Arth* (1982) draws to a close, we only know that Pooja has resolved to take care of her maid's daughter. The maid was going to prison for murdering her husband, who had blown their daughter's education money on liquor and his mistress.

Nirmala and Pooja provide the book ends to the portfolio of strong woman characters in Bollywood. And that is unfortunate. That Hindi films, which



WOMEN OF SUBSTANCE: Nargis Dutt (left) in *Mother India* and Waheeda Rehman (far left) in *Guide* set the bar high for portrayal of women





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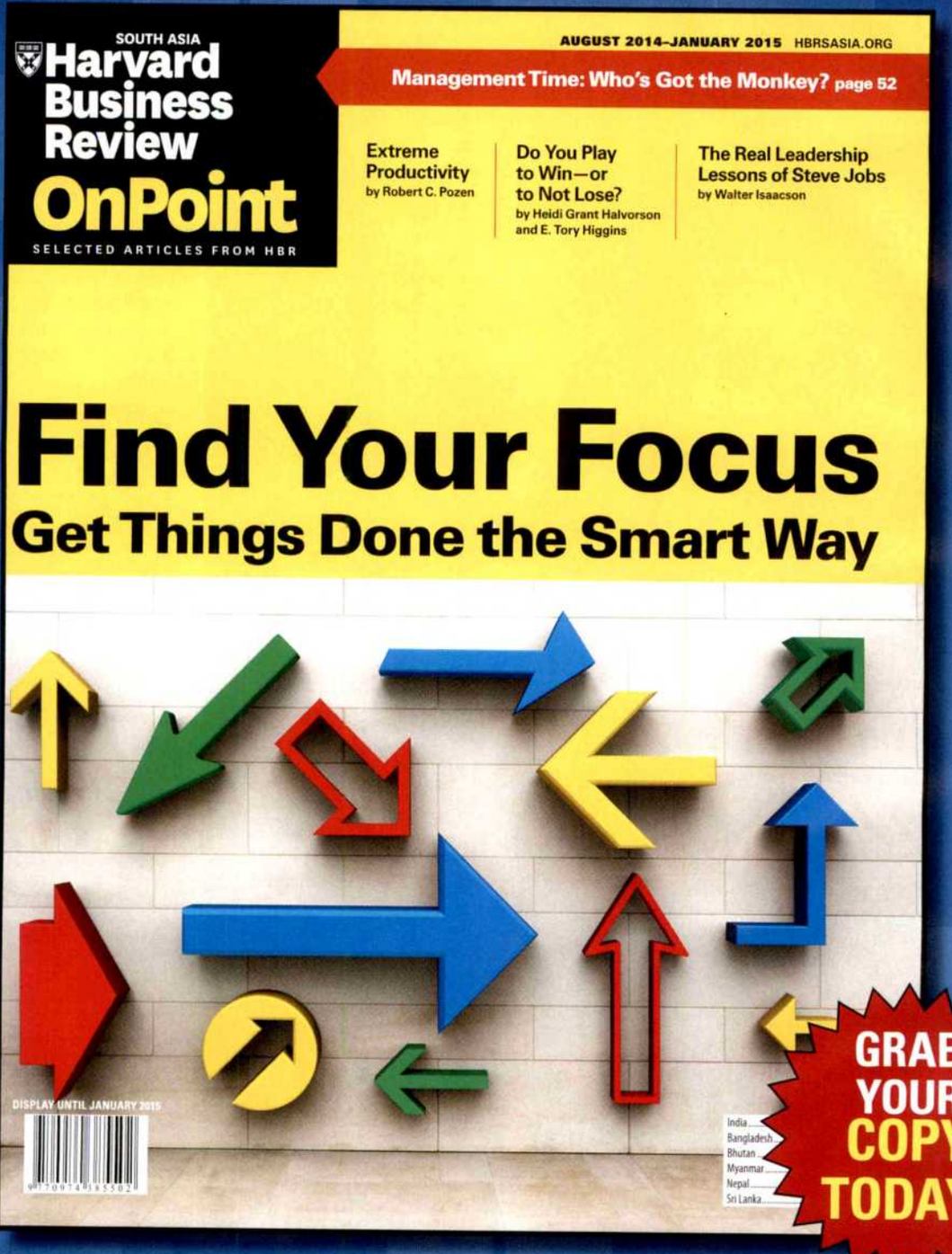

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have the lion's share of the ₹12,530 crore Indian film industry, can thrive in spite of the way they portray women says something about them and a lot more about their audience.

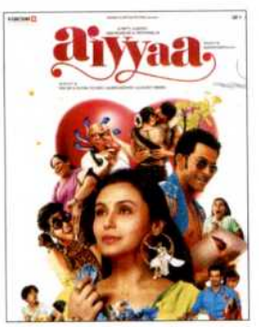
Things have been changing. Deepika Padukone showed more desire in *Goliyon Ki Rasleela Ramleela* than her man did. Rani Mukherjee lusted after Prithviraj in *Aiyyaa*. Mahi Gill in *Dev D* loaded a mattress on a cycle and took it into the fields for her intended romp.

Naked desire – yes, but all the resurgence of women in Hindi cinema is in the realm of sex. Leela, Meenakshi and Paro – just as Reshma (Silk) of *The Dirty Picture*, who uses her sexuality to manipulate men; and Akira of *Jab Tak Hai Jaan*, who unabashedly courts a soldier – are modern women, but they are defined in the context of their men.

Nargis showed ample desire for her man in *Awaara*, 63 years ago, as she cavorted in a swimsuit with Raj Kapoor and sang *dum bhar jo udhar muh fere*. But her character is defined by her love for a man whom she knows to be a thief. She even dons the lawyer's robes to defend him in court. The actress went several steps up in *Mother India*, the 1957 film in which her character, Radha, kills her son to serve her notion of honour.

YOGEN SHAH

A NEW DESIRE: Rani Mukherjee (right) in *Aiyyaa* (poster below)



Nirmala, Pooja and Radha are defined by their choices in life. They are much more than women, they are persons. As were many others that came in between.

Madhubala's beauty and Naushad's music can make you forget what Anarkali was doing in the song *Jab Pyar Kiya to Darna Kya*. She was raising the flag of rebellion against the most formidable emperor known in these parts and reducing him to a mere mortal: *purdah nahi jab koi khuda se, bandon se purdah karna kya* (if I have nothing to hide from God, what do I have to hide from men).

It may have been easy to overlook Madhubala's rebellion because of the plethora of strong woman characters in Hindi cinema at the time, most of them played by Meena Kumari. Her first big hit as an adult actress – she also worked in films as a child – was *Baiju Bawra*, a 1952 film remembered to this day for Naushad's music, the singing of Mohammad Rafi, Ustad Amir Khan and D.V. Palusker, and Meena Kumari's acting. Bharat Bhushan, playing the title role of Baiju, never quite rose to the heights Kumari did.

In movie after movie Kumari overshadowed her hero. Film writer Lata Khubchandani talks about a meeting with Waheeda Rehman in which the actress recalled that the best roles in their days were written for Meena Kumari; the others came to play some of them because Kumari was not able to.

Rehman herself outdid her hero in a few films, most notably in *Guide*, in which her character Rosie, to fulfill her dream of being a dancer and actor, does not hesitate to step out of her marriage and live with her lover. She later lets the lover go to jail for forgery. Ironically, the hero, Dev Anand, produced the film and his brother Vijay directed it.

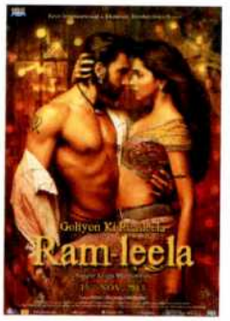
There were two reasons why actresses could dominate a film in those days. First, they were really good at their job. Other than Kumari, Nutan proved this again and again, winning the best actress Filmfare for *Seema* (playing a young delinquent), *Sujata* (an untouchable), *Bandini* (a killer serving time in prison), *Milan* (forced to marry a man she does not love), and *Main Tulsi Tere*

Aangan Ki (married to a man who does not love her, and bringing up his child from a prostitute).

The second reason is that the biggest male stars of the era chose to play the same characters over and over again. Raj Kapoor was the poker-faced simpleton, Dilip Kumar the silent sufferer, Dev Anand the urbane rake, and Shammi Kapoor the singing, dancing, jumping hero.

The women, even those considered to be in a league below Kumari, Nutan and Rehman, dared to push the envelope. Sharmila Tagore is remembered as much for being perhaps the first heroine to wear a bikini as for her characters in *Aradhana* (an unwed mother who goes to prison to protect her young son) and *Amar Prem* (a prostitute with two strong loves: a man she wouldn't marry, and a child who is not hers).

IT'S ALL ABOUT LUST: Deepika Padukone in *Goliyon Ki Rasleela Ramleela*



Jaya Bhaduri kept the flame alive in the 1970s, with films that were known and watched for being her films, the hero be damned. *Uphaar* (hero Swarup Dutt), *Guddi* (no hero), *Piya Ka Ghar* (Anil Dhawan), and *Mili* (Amitabh Bachchan) are the foremost examples. In *Parichay*, she overshadowed the hero Jeetendra, although the film was from his point of view. In *Abhimaan*, as the singer couple Jaya and Amitabh struggled with the husband's ego, he was the lesser singer and weaker person. And that was that.

Jaya and Amitabh became a real life couple and she retired to look after the Bachchan brood. He went on to become the biggest star we have seen. So big that it did not matter who was the heroine in his films. You could shuffle them and still end up with the same film. Rakhi got some meaty roles in Bachchan's films but mostly in the off-beat ones made by Hrishikesh Mukherjee.

We are not talking off-beat here. Shabana Azmi and Smita Patil played some strong roles in the parallel cinema made by Shyam Benegal, Govind Nihalani and others who were part of that short-lived movement. What we are talking about here is mainstream Hindi cinema, which relegated the heroine to dishonourable mentions in the 1980s and 1990s.

"The downgrade started in the 1970s, when clothes and makeup came to be given so much importance that you stopped seeing the face of the girl. Asha Parekh, for instance, did well in black and white movies, but in colour they all became puppets," says Khubchandani.

In those dark decades, the girl was there mostly to be raped and/or killed, so the hero could turn into an avenging angel and the audience, having had its titillation, could sit back and feast on the violence.

Rape is less frequent on Hindi film screens these days, having given way to item numbers, which even the leading ladies do not demur from. The violence remains. "Film making has become purely a business. If a person sells a product, he takes responsibility for its quality, film makers do not. They only believe in making a hit," says actor Annu Kapoor, who hosts the popular radio show *Suhana Safar*, chronicling episodes and incidents in Hindi cinema. "But no one is to blame for it; what you see in the movies is in the context of what is happening in society."

Going by what you see on screen, it isn't very good. There are the exceptions of *Queen* (Kangana Ranaut's tour de force) and *English Vinglish* (Sri Devi's fine return vehicle). Earlier there were many such movies in which the heroine made a point without making it all too serious.

Three of Hema Malini's stand out. Geeta of *Seeta Aur Geeta* is no damsel waiting to be rescued, she does her own rescuing. Indu tames seven wild brothers in *Satte Pe Satta*, lording it over them. And in *Sholay* she strikes a blow for women's independence in the earthy manner of her character, Basanti: if Dhanno could pull the tonga, why couldn't she drive it?

Dhanno was her mare. What we have now is a nightmare. ◆

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Column/Rama Bijapurkar

Who Cares Why, Here's Our Chance!

write this as a war veteran of over a 100 years of cumulative tenure as a board director, spanning a wide swathe of company types, and mostly the lone woman on the board (except for three very gratifying boards, two of which had professional women as MDs and one as a chairperson).

With the new Companies Act requiring at least one woman on every Indian board, there will be many more treading the same path, so I thought an honest summary of what I learnt in my board century might help.

1. Don't feel bad that regulation and not the merits of the case is forcing affirmative action in favour of women; even liberalisation in 1991 was not voluntary. Indira Gandhi was called *goongi gudiya* in 1966, and Angela Merkel's climb was hastened by her being a woman and an East German. So, ignore what they scripted your role to be and do what you must. I have been invited on boards with the expectation that I would confine myself to providing marketing advice, not challenge acquisition logic or question financial disclosure norms. But I soon learnt that in law and in governance literature, there's no category called "limited jurisdiction board member".

2. There are very specific, solid reasons, beyond the usual platitudes, on why diversity is so important to boards. The director's job description requires judgement calls that leverage not just business knowledge and experience but also personal value systems on ethics, social responsibility, equity and fairness to all stakeholders. How much should contract labour doing the same jobs as permanent labour be paid, given the India context? Where should one draw the line between being legally correct and morally right on stock-sensitive disclosures? How much should the spectacular short-term results with no visible strategy validation and likely long-term value erosion get rewarded? Does a superbly performing management get a discount on the standard of governance expected to be maintained, and will this answer be different based on the quantum of shareholding of the management?

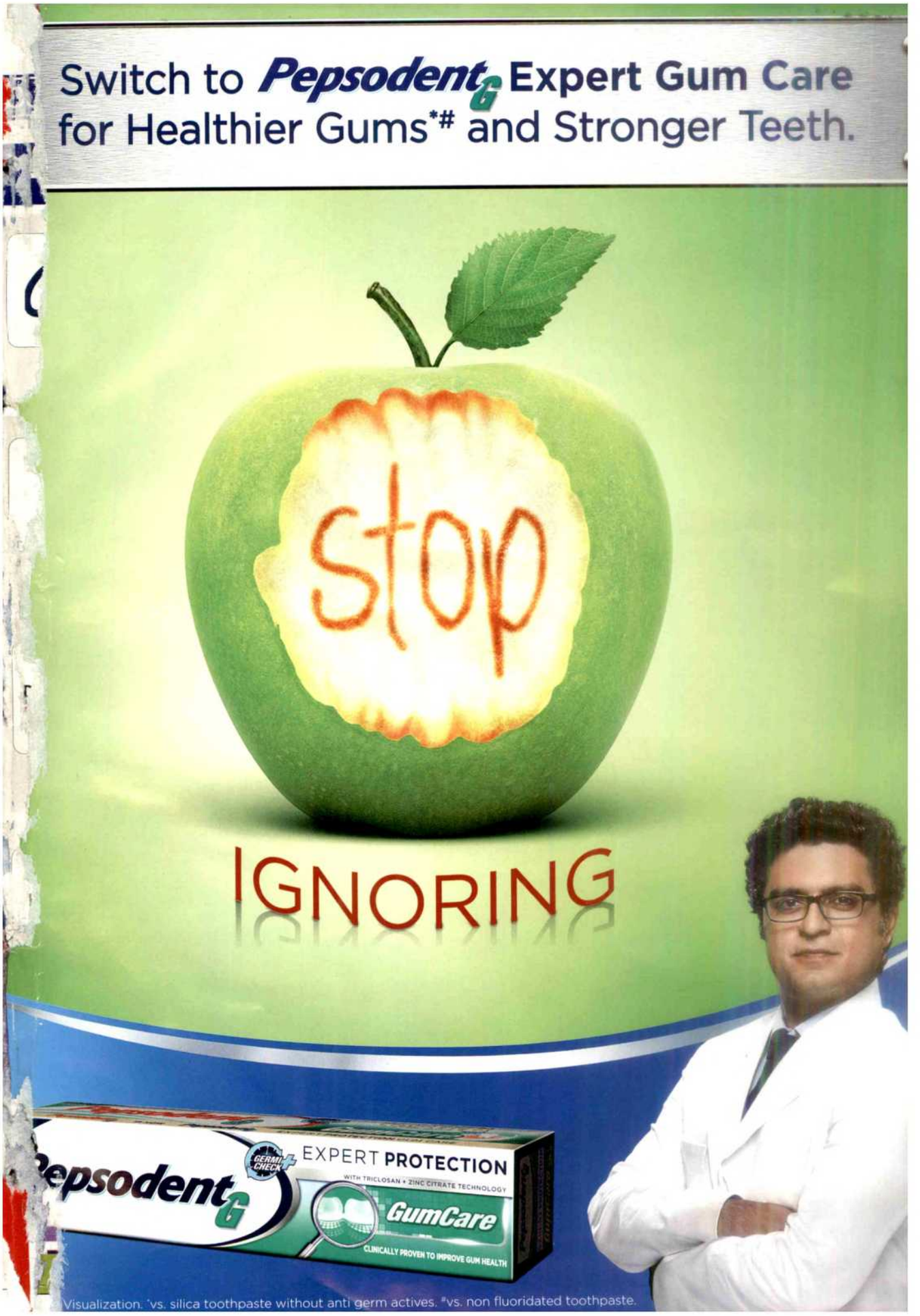
To bring balance and rigour to such decisions, diversity of backgrounds, experiences, mind wiring, ethical orientation, life experiences, and definitions of success are essential. Gender diversity checks many of these boxes.

3. Even the best Indian boards are notoriously clubby with members having intertwined business interests. They prefer to minimise dissent and an unhappily large number of sins of omission occur.

The new law will make boards less clubby. Early data show that while half of the first-time women directors appointed have added to board clubbiness (related to promoters or non-independent), the other half have been sourced from outside the club, with nomination committees being forced to work harder than their usual perfunctory "who should we pick out of those we know and rate well".

4. Finally, since women will still be a tiny minority on boards, they will be tempted to want the comfort of belonging to the majority group, and be pressured to "fit in" and not be "controversial" (that is, not express independent opinion). But in doing so is an opportunity lost to change things for the better, a learning curve that is stunted, a dharma undischarged. The trick is to focus on performing and not on belonging. A relentless focus on doing what you think is correct, brings effortless belonging based on contribution that is hard for board colleagues to ignore. ◆

The author is an independent market strategy consultant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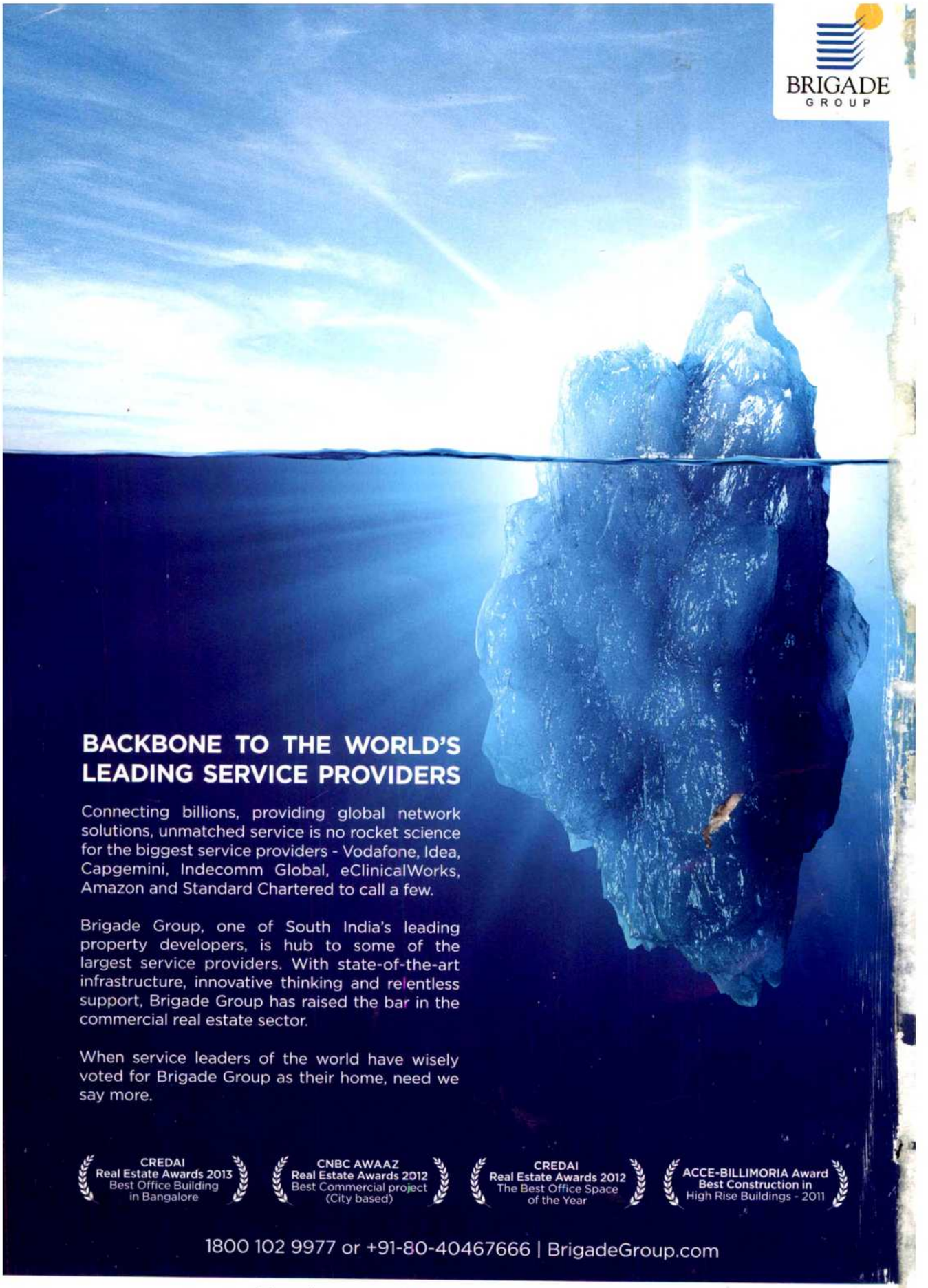
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